



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

YEAR END JUNE 30, 2006

SANDY CITY
10000 Centennial Parkway
Sandy, Utah 84070

Comprehensive Annual Financial Report
For the year ended June 30, 2006

Prepared by:

Department of Finance

Arthur D. Hunter, Director of Finance and Information Services

Glade G. Jardine, Treasurer

Helen R. Kurtz, Controller

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INTRODUCTORY SECTION



November 30, 2006

Honorable Mayor and
Members of the City Council
Sandy City

The Comprehensive Annual Financial Report (CAFR) of Sandy City (the City), for the fiscal year ended June 30, 2006 is submitted herewith. Utah State law requires that first class cities "present to the governing body an annual financial report prepared in conformity with Accounting Principles Generally Accepted in the United States (GAAP), as prescribed in the Uniform Accounting Manual for Utah Cities." This report, which fulfills this requirement, presents a comprehensive financial picture covering all funds and financial transactions for the year.

This CAFR has been prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included. Likewise, the "Notes to the Financial Statements" are an integral part of this report and should be read for a more complete understanding of the financial statements and information presented in this report.

Management of the City is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The City's internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of the control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

As required by Utah state law, an annual audit has been conducted by independent certified public accountants. The Report of Independent Certified Public Accountants, as prepared by Wisan, Smith, Racker & Prescott, LLP, is included within the Financial Section of this report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP.

The City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act

and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are published under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Sandy City is the fifth largest city in Utah. Located about 13 miles south of Salt Lake City, Sandy has experienced tremendous growth in land area and population during the past thirty years. Annexation of previously unincorporated land has resulted in growth from 6.6 square miles in 1970 to nearly 23 square miles today. Annexations combined with new construction resulted in population growth from 6,438 to 94,000 in that same time period.

In July, Money Magazine named Sandy one of America's Best Places to live as the 23rd most livable city out of 745 cities with populations that exceeded 50,000. Criteria being scored included economy, safety, education, ease of living, art and parks space. Sandy's first and second highest categories are park space and education respectively. Sandy City was also ranked the 26th safest city out of 371 U.S. cities by Morgan Quitno Press.

Since 1979, the City has operated under the council-mayor form of government. The City Council, comprised of seven elected individuals, is the governing authority for the City. The elected Mayor, with no voting rights on the City Council, has various administrative and veto powers. One of the Mayor's administrative powers is the appointment of the Chief Administrative Officer, Cabinet Officers and various other positions such as the City Treasurer, the City Recorder, and the City Engineer. The City Council establishes City policy, approves the budget, and ratifies the appointment of City Officials. The City Council is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government.

The City provides the full range of municipal services normally associated with a municipality. In brief, the general governmental functions include police and fire protection, park construction and maintenance, street construction and maintenance, public improvements, engineering, building inspection, planning and zoning, administrative services, recreation services, storm drain system construction and maintenance, and street light system installation and maintenance. The City also operates water, waste collection, and River Oaks Golf Course as enterprise funds. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Sandy Redevelopment Agency is

reported as a special revenue fund and Alta Canyon Recreation Special Service District is reported as an enterprise fund.

Comprehensive annual budgets are an essential element for the City's financial planning and control. Therefore, budgets are adopted annually (required by Utah state law) by the City Council for all funds except debt service funds used to account for special assessments and expendable trust funds which are subject to compensating controls. Utah state law also requires: 1) a balanced budget for each individual fund; however, Redevelopment Agencies are allowed to incur debt prior to the triggering of the tax increment revenue thus allowing an unbalanced budget, 2) department expenditures to conform with departmental appropriations, and 3) individual fund appropriations to be overspent only in "emergencies" (natural disasters). Once the budgets are approved, the City Council may revise the budgets from time to time after following the required procedures. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund and the storm water fund this comparison begins on page 42 as part of the basic financial statements for the governmental funds. For the other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 85.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. With the recession behind us, Utah continues to gain strength and has seen some of the highest growth rates in the state's history. Utah, along with neighboring states of Arizona, Idaho and Nevada, is leading the nation in employment growth rates. With the growth in employment numbers, each of the 11 employment sectors have added jobs, led by gains in professional and business services and construction.

Sandy is experiencing this growth through new construction with more than 100 projects currently in the planning process or beginning the construction stage. New growth in the Civic Corridor includes hotels, office, retail, mixed use and multi-family housing projects. Currently more than 600,000 square feet of office space is under construction or in the planning phase directly surrounding City Hall with more than one million square feet in the conceptual phase. Surrounding areas in Sandy are also experiencing new growth in retail at Quarry Bend which includes retail and housing, Little Cottonwood which has several phases of expansion as well as a new Home Depot underway and new restaurants like Asian Star, Texas Roadhouse and Rumbi Island Grill. ReAL Salt Lake Soccer broke ground on their 20,000 seat stadium in mid-August which will be Phase I of a \$650 million project located at 9400 South and State Street directly across from Jordan Commons and the South Towne Expo Center.

Through assistance from Representative Jim Matheson, a new TRAX stop was added at 9400 South which will help alleviate congested traffic during exposition shows and heavily attended entertainment venues at Jordan Commons. Representative Matheson as well as Senator Hatch and Senator Bennett helped secure millions of dollars in transportation funding to improve major roads on 700 East, 1300 East, and State Street which will make the well traveled roads not only the safest roads in the county but will decrease congestion for commuters.

Because of increasing growth in the commercial areas, Sandy residents enjoy one of the lowest property tax rates in the county with Salt Lake City being the highest with a rate of .004720 which is more than double the average rate of all cities in the county at .002209 and Draper City being the lowest at .001274. Sandy's property tax rate is currently .001514 which is 69% of the average. Property taxes in Sandy have not increased in more than 20 years even though the population in that same time frame has nearly doubled to the current population of 94,000.

Sandy City has seen many exciting and unique projects in recent years as well as having many more on the horizon that will add a whole new level for quality living and shopping experiences for Sandy residents and visitors.

Additional information about economic factors can be found on page 31 of the MD&A.

Long-Term Financial Planning. The City Council approved a balanced budget for the upcoming fiscal year. The approved budget will bring \$4,000,000 in one-time revenue and an additional \$2,600,000 in ongoing revenue to the general fund. Aided by an infusion of many new and diverse residential, commercial, and retail developments, the City is able to use a large amount of ongoing revenue for specific, one-time purposes in fiscal year 2007. Such a commitment provides greater flexibility with City resources in the future and better positions in upcoming operating years.

The fiscal year 2007 budget includes \$1,350,000 for the replacement of Fire Station 32 with a 10,000 square foot facility that will also house a police substation and a community room. In addition, the City has budgeted a new roof at City Hall as well as an architectural assessment and building replacement review of the Parks and Recreation building.

The City will set aside \$1,740,000 of the needed \$2,870,000 for the complete reconstruction of 1300 East. The remaining \$1,130,000 is being funded with federal money. Other needed road projects addressed in the fiscal year 2007 budget include an overlay of 10600 South, a new traffic signal at 9600 Highland Drive, and money to purchase rights-of-way for future City streets.

Reinforcing the City's commitment to open space and trails, resources needed to complete the Urban Fishery, expand parking at Flat Iron Park, enhance trail amenities at Quail Hollow Park, reconstruct parking lots at Bell Canyon Park and Willow Creek Park, and complete a full-service eight-acre park at the Quarry Bend development have been included in the budget. The hiring of one full-time grounds worker and two seasonal grounds workers to partially address the growing parks maintenance needs is also included.

The City expects to contribute \$384,531 to the fund balance of the general fund, increasing the cash reserve fund to 11.5 percent of general fund revenue.

Relevant financial policies. The City takes pride in maintaining its pay-as-you-go strategy along with reasonable long-term financing to keep the debt burden low. Sandy City seeks the most practical and cost-efficient financing available. Following this policy has allowed the City to maintain a "Aa+" bond rating for sales tax revenue bonds and

“AA” for general obligation bonds. For further information on long-term liabilities, please refer to page 30 in Management’s Discussion and Analysis and page 65 in the notes to the financial statements.

Major initiatives. As we prepare for the future, City administration is committed to 1) maintain and improve basic core municipal services; 2) maintain integrity of residential neighborhoods and preserve property values; 3) preserve and improve public infrastructure and transportation systems; 4) preserve existing and expand additional retail and clean commercial businesses; 5) develop and improve the City’s recreational trails and increase recreational opportunities; 6) develop community arts and facilities; 7) strengthen communications with citizens, businesses, and other institutions; and 8) maintain a highly qualified employee work force. These initiatives are reflected in the fiscal year 2007 budget.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both Accounting Principles Generally Accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

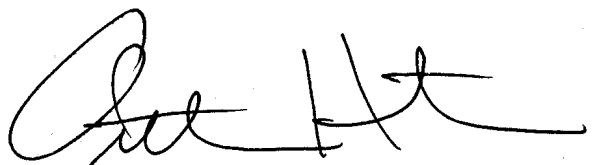
The City also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for fiscal year 2007. In order to qualify for the Distinguished Budget Presentation Award, the government’s budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the third consecutive year that the City has received this esteemed award.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In closing, without the leadership and support of the governing body of Sandy City, preparation of this report would not have been possible.

Respectfully Submitted,



Byron D. Jorgenson,
City Administrator



Arthur D. Hunter,
Finance and Information
Services Director

SANDY CITY

Elected Officials

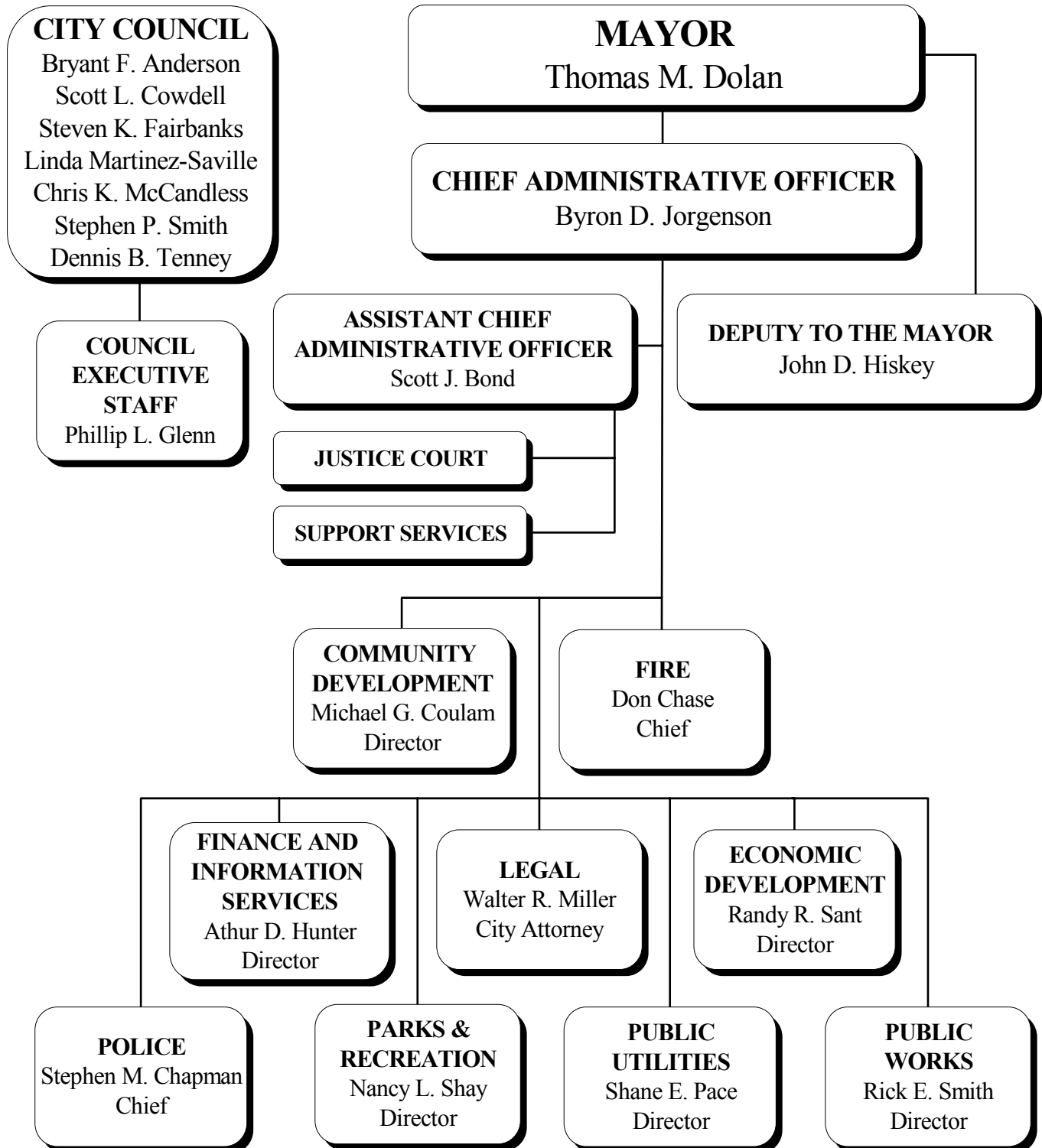
Mayor Thomas M. Dolan
City Council - At Large Linda Martinez-Saville
City Council - At Large Steven K. Fairbanks
City Council - At Large Stephen P. Smith
City Council - District 1 Scott L. Cowdell
City Council - District 2 Dennis B. Tenney
City Council - District 3 Bryant F. Anderson
City Council - District 4 Christopher K. McCandless

Appointed Officials

Chief Administrative Officer Byron D. Jorgenson
Assistant Chief Administrative Officer Scott J. Bond
Deputy to the Mayor John D. Hiskey
City Attorney Walter R. Miller
Finance and Information Services Director Arthur D. Hunter
Chief of Police Stephen M. Chapman
Fire Chief Don Chase
Public Works Director Rick E. Smith
Public Utilities Director Shane E. Pace
Parks and Recreation Director Nancy L. Shay
Community Development Director Michael G. Coulam
Economic Development Director Randy Sant

Sandy City Organizational Structure

CITIZENS OF SANDY



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sandy City
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Sandy, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Utah (the City), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Utah, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, and the schedule of roadway system condition and maintenance, on pages 19 through 32 and 79 through 81, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wisan Smith Raker & Prescott, LLP

Salt Lake City, Utah
November 30, 2006

Management's Discussion and Analysis

As management of Sandy City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which starts on page 7 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2006 by \$470,913,277 (net assets). Of this amount, \$90,850,255 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$19,200,072. Approximately 20 percent of this increase is attributable to unspent revenues in the water fund that will be used for future capital projects. General fund revenues in excess of expenses constitute 28 percent of the total net asset increase. Of this excess, \$4,605,069 was transferred to the capital projects fund for use in future capital projects.
- As of the close of fiscal year 2006, the City's governmental funds reported combined ending fund balances of \$35,863,368, an increase of \$2,728,200 in comparison with fiscal year 2005. The unreserved portion equals \$30,216,855 and is available for spending at the government's discretion.
- At the end of fiscal year 2006, unreserved fund balance of the general fund was \$4,897,087, or 14 percent of total general fund expenditures, an increase of \$742,196 over fiscal year 2005.
- The City's total long-term debt decreased \$3,938,037 (5 percent) during fiscal year 2006 as a result of regularly scheduled debt payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, storm water, electric utility, economic development, and culture and recreation. The business-type activities of the City include water, waste, River Oaks Golf Course, and Alta Canyon Sports Center.

Although Alta Canyon Sports Center is a legally separate entity from the City (known as the primary government), the Sports Center provides services, which almost exclusively benefit the City. Alta Canyon functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government (see more information about the Sports Center on page 47).

The government-wide financial statements can be found on pages 34-37 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the storm water fund, all of which are considered to be major funds. Data from the other nine funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 38-43 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, waste services, Alta Canyon Sports Center, and River Oaks Golf Course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, information services, risk management, payroll management, and equipment management. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility, waste services, Alta Canyon Sports Center, and River Oaks Golf Course, all of which are considered to be major funds of the City. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 44-46 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-78 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the modified approach for infrastructure. Required supplementary information begins on page 79 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84-115 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sandy City, assets exceeded liabilities by \$470,913,277 at the close of fiscal year 2006.

By far the largest portion of the City's net assets (79.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SANDY CITY Summary of Net Assets June 30, 2006

	Governmental		Business-type		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	66,149,314	61,931,074	55,998,221	52,098,695	122,147,535	114,029,769
Capital assets	381,258,272	372,993,303	63,752,255	63,571,273	445,010,527	436,564,576
Total assets	447,407,586	434,924,377	119,750,476	115,669,968	567,158,062	550,594,345
Long-term liabilities outstanding	45,932,622	43,781,065	27,037,120	27,037,120	72,969,742	70,818,185
Other liabilities	20,886,567	25,357,111	2,388,476	2,705,844	23,275,043	28,062,955
Total liabilities	66,819,189	69,138,176	29,425,596	29,742,964	96,244,785	98,881,140
Net assets:						
Invested in capital assets, net of related debt	337,682,449	326,487,853	36,734,060	49,315,238	374,416,509	375,803,091
Restricted	5,646,513	5,914,418	-0-	-0-	5,646,513	5,914,418
Unrestricted	37,259,435	33,383,930	53,590,820	36,611,766	90,850,255	69,995,696
Total net assets	<u>\$ 380,588,397</u>	<u>\$ 365,786,201</u>	<u>\$ 90,324,880</u>	<u>\$ 85,927,004</u>	<u>\$ 470,913,277</u>	<u>\$ 451,713,205</u>

An additional portion of the City's net assets (1.2 percent) represents resources that are subject to external restrictions on how they may be used, all of which is from governmental activities. The remaining

balance of *unrestricted net assets* (\$90,850,255) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year 2006, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted net assets for governmental activities decreased 4.5 percent (\$267,905) during fiscal year 2006. Work on various road projects, such as street reconstruction, accounts for a decrease in restricted net assets of \$502,755. An increase of \$234,850 in net assets is attributable to increases in capital projects to be completed with new impact fee revenues.

SANDY CITY **Changes in Net Assets**

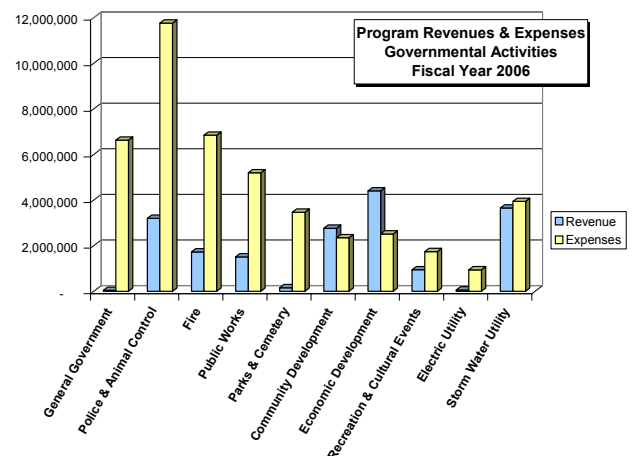
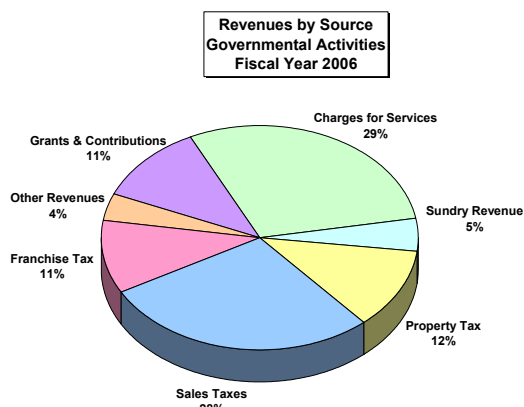
For the Year Ended June 30, 2006

	Governmental		Business-type		Total Primary	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services	18,439,837	18,658,764	25,403,194	20,736,756	43,843,031	39,395,520
Operating grants and contributions	4,624,621	3,702,446	-0-	-0-	4,624,621	3,702,446
Capital grants and contributions	2,553,325	447,787	-0-	-0-	2,553,325	447,787
General revenues:						
Property Tax	7,350,178	7,262,922	291,608	290,752	7,641,786	7,553,674
Sales Tax	17,681,709	15,857,517	-0-	-0-	17,681,709	15,857,517
Franchise Tax	6,600,373	6,284,131	-0-	-0-	6,600,373	6,284,131
Motor Vehicle Fees	825,617	818,905	38,424	37,835	864,041	856,740
Special Assessments	904,549	986,961	-0-	-0-	904,549	986,961
Interest Income	1,472,527	709,066	665,480	327,089	2,138,007	1,036,155
Sale of Fixed Assets	5,610	10,731	-0-	-0-	5,610	10,731
Sundry Revenue	1,988,606	740,077	-0-	-0-	1,988,606	740,077
Total revenues	62,446,952	55,479,307	26,398,706	21,392,432	88,845,658	76,871,739
Expenses						
General Government	6,627,873	6,732,132	-0-	-0-	6,627,873	6,732,132
Police & Animal Control	11,759,062	11,574,194	-0-	-0-	11,759,062	11,574,194
Fire	6,844,133	6,547,657	-0-	-0-	6,844,133	6,547,657
Public Works	5,198,265	7,492,157	-0-	-0-	5,198,265	7,492,157
Parks, Landscapes and Cemetery	3,463,605	4,163,629	-0-	-0-	3,463,605	4,163,629
Community Development	2,346,659	2,086,736	-0-	-0-	2,346,659	2,086,736
Economic Development	2,510,664	1,348,916	-0-	-0-	2,510,664	1,348,916
Recreation and Cultural Events	1,739,575	1,547,212	-0-	-0-	1,739,575	1,547,212
Electric Utility	938,764	870,085	-0-	-0-	938,764	870,085
Storm Water Utility	3,938,323	1,731,367	-0-	-0-	3,938,323	1,731,367
Interest on Long-Term Debt	2,127,833	2,237,033	-0-	-0-	2,127,833	2,237,033
Alta Canyon Sports Center	-0-	-0-	1,066,562	1,058,633	1,066,562	1,058,633
Water Fund	-0-	-0-	16,136,948	12,901,791	16,136,948	12,901,791
Waste	-0-	-0-	3,624,065	3,658,358	3,624,065	3,658,358
Golf Course Fund	-0-	-0-	1,323,255	1,209,418	1,323,255	1,209,418
Total expenses	47,494,756	46,331,118	22,150,830	18,828,200	69,645,586	65,159,318
Increase in net assets before transfers	14,952,196	9,148,189	4,247,876	2,564,232	19,200,072	11,712,421
Transfers	(150,000)	(150,000)	150,000	150,000	-0-	-0-
Increase in net assets	14,802,196	8,998,189	4,397,876	2,714,232	19,200,072	11,712,421
Beginning net assets	365,786,201	356,788,012	85,927,004	83,212,772	451,713,205	440,000,784
Ending net assets	\$ 380,588,397	\$ 365,786,201	\$ 90,324,880	\$ 85,927,004	\$ 470,913,277	\$ 451,713,205

The government's net assets increased \$19,200,072 during fiscal year 2006. This growth largely reflects capital asset additions, increased revenue from economic growth, and rate changes.

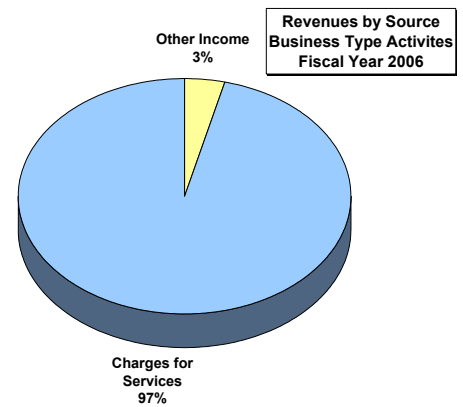
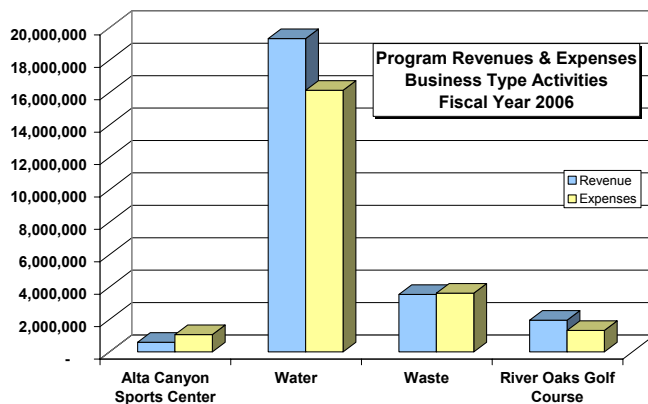
Governmental activities: Governmental activities increased the City's net assets by \$14,802,196, accounting for 77 percent of the total growth in the City's net assets. Key elements of this change are as follows:

- Sales tax revenue posted higher in fiscal year 2006 over the prior year by \$1,824,192 and \$1,444,709 over budgeted expectations due to economic growth.
- Interest income for fiscal year 2006 came in at \$1,156,651 more than expected and \$950,045 more than fiscal year 2005 due to rising interest rates and economic growth.
- The strong economy also caused construction related revenue to rise above expectations; Impact fee revenue posted higher than expected for parks (\$555,806), trails (\$46,753), fire (\$179,296), police (\$74,066), and storm water (\$30,284); Building permit revenue during fiscal year 2006 was \$706,432 over projections.
- In fiscal year 2006, the Capital Projects Fund made the first (\$624,714) of five annual payments to MWDSLS for purchasing rights-of-way through the City. The City plans on constructing an extension of Highland Drive along the culinary water pipeline connecting MWDSLS's Little Cottonwood water treatment plant with its plant under construction in Draper, Utah. Sandy's share of the total cost of the purchases is \$2,515,267.
- During fiscal year 2006 the City purchased land to construct a storm drain retention pond (\$1,200,000) and a new eight-acre park (\$1,747,264.17) in the Quarry Bend area. The City received \$1,300,000 from the area developer for the park development and added \$1,149,587 in streets infrastructure.
- The City retired \$4,960,703 in debt for governmental activities. More detailed information can be found in note 12, Long-term Obligations, beginning on page 65 of the notes to the financial statements.



Business-type activities: Business-type activities increased the City's net assets by \$4,397,876, accounting for 23 percent of the total growth in the government's net assets. Key elements of the change in business-type net assets are as follows:

- On May 1, 2001, the City entered into an interlocal agreement with Salt Lake City and Metropolitan Water District of Salt Lake and Sandy (MWDSLS). Under this agreement, the City is obligated to pay an estimated total of \$126,310,000 over 30 years to the MWDSLS for capital improvements to be conducted by MWDSLS. The third annual assessment of \$4,210,322 was paid in fiscal year 2006. An assessment in the same amount will be paid in fiscal year 2007.
- Charges for services in the Water Fund exceeded expectations by \$965,189 as a result of growth from new construction, increased consumption by existing customers, and rate increases.
- During fiscal year 2006, the City completed \$2,041,428 in water main additions and \$7,859,544 in well additions. \$6,369,006 of the well additions is attributable to the completion of the Southeast Quadrant wells; of which \$3,409,725 was transferred to well additions from work in process. The Water Fund also completed fluoride capital improvements at a cost of \$1,122,017 that was capitalized as well additions.
- River Oaks Golf Course contributed \$788,830 to the increase in business-type activities net assets as a result of selling 3.17 acres of land to the General Fund for \$787,563, which will then be sold to a private party by the General Fund.
- Because its equity in the Trans-Jordan Cities joint venture decreased from 34.27% to 33.2% (\$104,601), the Waste Fund caused \$50,807 decrease in business-type net assets.
- In fiscal year 2006, Alta Canyon Sports Center caused a \$150,804 decrease in business-type net assets. Membership fees posted \$27,380 less than expected and cell tower lease revenue was \$13,476 less than anticipated. The Sports Center also incurred \$36,144 in higher personnel and supply costs over the prior fiscal year. Additionally, it was necessary to replace the Sports Center roof at a cost of \$19,258. Depreciation expense was \$132,859 for fiscal year 2005. For more information regarding the City's management of Alta Canyon, see note 1 on page 47 of the notes to the financial statements.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Sandy City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2006, the City's governmental funds reported combined ending fund balances of \$35,863,368, an increase of \$2,728,200 in comparison with fiscal year 2005. Of this amount, \$30,216,855 (85 percent) is unreserved, and is therefore available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service (\$1,420,600) or to pay for capital projects, including road projects (\$4,225,913).

The general fund is the chief operating fund of the City. At the end of fiscal year 2006, fund balance of the general fund was \$4,897,087, all of which is unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14 percent of the total general fund expenditures.

The fund balance of the City's general fund increased \$742,196. The key factor causing this increase is the economic growth the City is experiencing resulting in revenues in excess of expectation in sales and use tax (\$1,144,709), franchise taxes (\$794,553), licenses and permits (\$831,342), and state road allotment (\$667,183).

The storm water fund experienced a decrease in fund balance of \$584,529 for fiscal year 2006 resulting in a total fund balance of \$6,312,410. The primary cause was a transfer of \$928,928 to debt service for the 2002 Sales Tax Revenue bond payment; the proceeds from this bond were used to acquire, construct, and equip storm drain improvements.

The debt service fund has a total fund balance of \$2,930,726, of which \$1,420,600 is reserved for the payment of debt service. The net fund balance increased 4 percent (\$95,587) during fiscal year 2006. Key factors in this increase are as follows:

- Building rental revenue and police impact fees collected on new construction to pay debt service on 2003 Sales Tax Revenue Bond, contributed \$27,668 and \$12,022 respectively.
- Innkeeper fees dedicated for payment of the 2004 Sales Tax Revenue and Refunding Bonds contributed \$37,451.
- Interest income contributed to the remaining increase.

Fund balance in the capital projects fund increased \$2,656,367 during fiscal year 2006 leaving an ending fund balance of \$17,102,657. \$4,225,913 of ending fund balance is restricted for specific capital projects, including roads. The increase in fund balance resulted from planned projects that are yet to be completed.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the City's proprietary funds amounted to \$46,834,939 for the water fund, \$5,747,655 for the waste fund, and \$516,340 for River Oaks Golf Course.

While total net assets of Alta Canyon Sports Center are \$1,309,449, unrestricted net assets are negative \$(22,281). The reserved portion of net assets that is invested in capital assets, net of related debt is \$1,331,730. The portion of net assets invested in capital assets, net of related debt is shown separately from unrestricted net assets because capital assets cannot be used to pay related debt or other expenses as they are being used in the course of business.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Fiscal year 2006 showed a \$30,000 increase between the original budget and the final amended budget in the general fund. The general fund contingency transferred \$30,000 to the capital projects fund to help fund construction of a storage facility.

There were some minor budget changes within the general fund as well. These changes include \$45,086 from the general fund contingency for police (\$3,234), parks (\$750), and public works (\$750) overtime necessary during the Scarecrow Festival; a \$29,552 increase in appropriations for selective enforcement by our police department; an \$800 donation to the American Legion for the Sub-for-Santa program; and equipment purchases in the amount of \$10,000. The general contingency also funded \$31,648 of a \$35,000 payment to the Living Planet Aquarium. Money set aside for community projects funded the remaining \$3,352.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2006 amounts to land, improvements other than buildings, machinery and equipment, autos and trucks, infrastructure (roadway system), street light system, and storm drain system. The net increase in the City's investment in capital assets for fiscal year 2006 was \$8,445,951 (a 2.2 percent increase for governmental activities and a less than 0.28 percent increase for business-type activities). The primary reason for the governmental activities increase is the purchase of land to be used for the gravel pit detention pond and eight acre park (\$2,103,412), the 20th East corridor acquisitions for street improvements (\$2,516,267) and street infrastructure (\$1,149,587).

Additional major capital asset events during fiscal year 2006 included the following:

- The Public Utilities department completed the southeast quadrant wells at a total cost of \$6,369,006, which was substantially capitalized in prior years as construction in process.
- The Public Utilities department also completed well fluoridation capital improvements at a total cost of \$1,122,017 and spent \$361,521 for other well improvements.
- The City capitalized \$2,041,428 for water main replacements.
- The City improved the Justice Center building and enhanced security at a cost of \$713,169.

SANDY CITY**Capital Assets, Net of Depreciation**

June 30, 2006

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Land	\$ 195,214,053	\$ 189,709,253	\$ 6,562,735	\$ 6,649,806	\$ 201,776,788	\$ 196,359,059
Buildings and Systems	49,266,215	49,650,745	55,171,820	47,732,208	104,438,035	97,382,953
Improvement Other Than Buildings	9,269,189	8,679,321	1,480,351	786,154	10,749,540	9,465,475
Vehicles	5,079,758	5,541,080	63,871	32,741	5,143,629	5,573,821
Machinery and Equipment	2,326,053	2,251,187	130,540	148,271	2,456,593	2,399,458
Infrastructure	117,316,034	116,189,101	-0-	-0-	117,316,034	116,189,101
Construction in Progress	2,786,970	972,616	342,938	8,222,093	3,129,908	9,194,709
Total	\$ 381,258,272	\$ 372,993,303	\$ 63,752,255	\$ 63,571,273	\$ 445,010,527	\$ 436,564,576

The City did not record its roadway system infrastructure as part of the general fixed asset account group before July 1, 2002, but did record storm water and street light systems infrastructure in the appropriate funds at historical cost less depreciation. With the implementation of GASB Statement No. 34, Sandy City implemented the modified approach to account for roadway system infrastructure. Because many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained, GAAP allow a government to forego reporting depreciation in connection with networks or subsystems of infrastructure assets. A government choosing this option must commit to maintain those particular infrastructure assets at a predetermined condition level of its own choosing and must establish an asset management system that is adequate for that purpose. Sandy City has established a policy to maintain at least 80 percent of its roadway system at a good or better condition and have no more than 10 percent in a substandard condition. For the fiscal year ending June 30, 2006, the City has exceeded this goal for each of the three subsystems of the roadway network (arterials, collectors, and secondary) with 88.1 percent of the overall roadway network being in good or better condition and only 0.7 percent in substandard condition. This is an insignificant decrease from those in good or better condition at the end of fiscal year 2005 (88.5 percent) and an insignificant increase from those in substandard condition for the fiscal year ending June 30, 2005 (0.6 percent). The difference between the City's actual expenditures (\$4,834,710) and its predicted needs (\$5,488,754) to maintain the roadway system at these levels caused a less than 0.1 percent decrease in the overall system condition levels, but did not cause the levels to fall beneath the City's goal. More detailed information on this subject can be found in note 1 on page 52 of the notes to the financial statements and in the Required Supplementary Information section on page 81.

Additional information on the City's capital assets can be found in note 11 of the notes to the financial statements on pages 62-64 of this report.

Long-term debt. At the end of fiscal year 2006, the City had total long-term obligations outstanding of \$72,969,744. Of this amount, \$3,650,000 comprises debt backed by the full faith and credit of the government and \$5,363,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's bonded debt (\$44,055,000) represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The City's long-term obligations outstanding also include notes payable, long-term contracts payable, capital leases, and compensated absences totaling \$19,901,744.

SANDY CITY

Outstanding Debt

As of June 30, 2006

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 3,650,000	\$ 4,225,000	\$ -0-	\$ -0-	\$ 3,650,000	\$ 4,225,000
Special assessment debt with governmental commitment	5,363,000	6,018,000	-0-	-0-	5,363,000	6,018,000
Revenue bonds	30,740,000	34,340,000	13,315,000	14,210,000	44,055,000	48,550,000
Total bonds payable	39,753,000	44,583,000	13,315,000	14,210,000	53,068,000	58,793,000
Notes payable	1,720,000	1,835,000	-0-	-0-	1,720,000	1,835,000
Equipment lease	89,812	177,262	-0-	-0-	89,812	177,262
Compensated absences	2,356,798	2,270,419	-0-	-0-	2,356,798	2,270,419
Long-Term Contract Payable	2,013,014	-0-	13,722,120	13,832,100	15,735,134	13,832,100
Total other debt	6,179,624	4,282,681	13,722,120	13,832,100	19,901,744	18,114,781
Total outstanding debt	\$ 45,932,624	\$ 48,865,681	\$ 27,037,120	\$ 28,042,100	\$ 72,969,744	\$ 76,907,781

The City's total long-term debt decreased \$3,938,037 (5.1 percent) during fiscal year 2006. Significant events that contributed to this change are:

- The City retired \$6,301,640 of debt with regularly scheduled payments.
- On September 13, 2005, the City issued \$3,650,000 in general obligation refunding bonds at 3.6 to 5.5 percent to refund the remaining \$3,670,000 of outstanding 1995 general obligation refunding bonds and to pay certain costs of issuance. Refunding 1995 bonds is expected to result in a decrease of \$215,029 in future debt service payments.
- The City incurred a contract payable in the amount of \$2,516,267, payable in five equal payments, plus 5 percent annual interest for the property rights-of-way purchased by MWDSLs on the City's behalf to complete the future 20th East corridor. The first payment (\$503,253 principal plus \$121,461) was paid in December 2005.

The City maintains a "AA" rating from Standard and Poor's for its sales tax revenue bonds and its general obligation bond because of the City's strong historical and projected unrestricted financial reserves; a very low debt level that is not expected to grow substantially; and a stable and affluent residential community that fully participated in the Salt Lake city metropolitan area. Standard and Poor's has rated the water revenue and refunding bonds "AA-".

Utah state statute limits the amount of general obligation debt a governmental entity may issue to 8 percent of the “reasonable fair cash value” of property. Of this percentage, a maximum of 4 percent may be used for general purposes. The remaining 4 percent and any unused portion of the 4 percent available for general purposes up to the maximum 8 percent may be utilized for water and/or sewer purposes. The current debt limitation for the City’s general-purpose debt is \$293,964,134 and \$587,928,269 for the City as a whole. This limitation is significantly in excess of the City’s outstanding general obligation debt (\$3,650,000).

Additional information on the City’s long-term debt can be found in note 12 on pages 65-71 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered in preparing the City’s budget for fiscal year 2007:

- The City continues to experience healthy growth aided by an infusion of many new and diverse residential, commercial, and retail developments.
- The unemployment rate for the state of Utah is 2.5 percent at June 30, 2006, the lowest in Utah’s history. Down from 4.6 a year ago, many sectors are experiencing labor shortages with many workers vying for top-paying jobs
- Sandy City continues to attract and maintain its commercial tax base through incentive strategies, legislative initiatives, and continued support from the existing business community.

As general fund balance increased \$792,146 during fiscal year 2006, the City expects to contribute \$384,531 during fiscal year 2007 to soften unanticipated needs and providing additional financial security and strength to the City as a whole. This will increase cash reserves to 11.5 percent of general fund revenue.

While the financial health of Alta Canyon Recreation District (Sports Center) has stabilized since the City assumed management of the facility in fiscal year 2003, it is apparent that it will be difficult to maintain long term fiscal health. Therefore, the Alta Canyon Board recommended a 20 percent property tax increase, which was approved by the City Council after the “truth in taxation hearing”, required by state law. The increase will generate nearly \$58,000 in additional revenue at an annual cost of \$6.77 to the owner of a \$300,000 home.

In keeping with the master plan, the fiscal year 2007 budget includes the recommended annual 6.5 percent increase in order to meet escalating demand on the City’s culinary water system. This is the sixth year in a ten-year schedule of annual increases. Additionally, the refundable equipment deposit for hydrant use increased \$50 to \$800 to cover the increased cost of new meters.

Monthly waste collection fees increased \$0.25 per unit to compensate for the consumer price index adjustment in our contract with Waste Management.

Adjustments were made to some development fees including planning and sign permit fees to cover the cost of providing the services.

Some park reservation fees, recreation program fees, and cemetery fees will modestly increase based on rising cost for facilities, wages, utilities, and supplies. Additionally, amphitheater season pass prices will see a \$5.00 per seat increase in fiscal year 2007 and gradual increases thereafter to bring ticket prices more in line with market levels and to allow amphitheater revenue to better cover the cost of presenting the shows.

Requests for Information

This financial report is designed to provide a general overview of Sandy City's finances for everyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sandy City Finance Department, 10000 Centennial Parkway, Sandy, Utah 84070.

BASIC FINANCIAL STATEMENTS

SANDY CITY**Statement of Net Assets****June 30, 2006****With Comparative Totals for 2005**

	Primary Government			
	Governmental	Business-Type		Comparative
	Activities	Activities	Total	Total - 2005
ASSETS				
Cash and Cash Equivalents	\$ 39,732,922	\$ 16,109,315	\$ 55,842,237	\$ 49,336,191
Receivables - Net	17,220,414	3,705,045	20,925,459	20,611,309
Due from Other Governmental Units	1,550,164	300,250	1,850,414	511,385
Internal Balances	(514,167)	514,167	-0-	-0-
Inventories	63,011	524,336	587,347	431,657
Prepaid Assets	207,570	-0-	207,570	213,878
Deferred Charges	539,018	403,567	942,585	1,123,092
Temporarily Restricted Cash:				
Road Funds	474,255	-0-	474,255	977,010
Capital Projects	5,455,527	-0-	5,455,527	5,152,735
Debt Service	1,420,600	-0-	1,420,600	1,420,600
Water Rights & Capacity	-0-	29,375,399	29,375,399	29,081,169
Investment in Joint Venture	-0-	5,066,142	5,066,142	5,170,743
Capital Assets (Net of Accumulated Depreciation)				
Land	195,214,053	6,562,735	201,776,788	196,359,059
Buildings and Systems	49,266,215	55,171,820	104,438,035	97,382,953
Improvements Other Than Buildings	9,269,189	1,480,351	10,749,540	9,465,476
Vehicles	5,079,758	63,871	5,143,629	5,573,822
Machinery and Equipment	2,326,053	130,540	2,456,593	2,399,456
Infrastructure	117,316,034	-0-	117,316,034	116,189,101
Construction in Progress	2,786,970	342,938	3,129,908	9,194,709
Total Assets	\$ 447,407,586	\$ 119,750,476	\$ 567,158,062	\$ 550,594,345

The accompanying notes are an integral part of this financial statement

	Primary Government			
	Governmental	Business-Type		Comparative
	Activities	Activities	Total	Total - 2005
LIABILITIES				
Accounts Payable	\$ 2,047,141	\$ 1,361,348	\$ 3,408,489	\$ 2,547,458
Salaries & Benefits Payable	1,607,741	215,944	1,823,685	1,743,796
Accrued Interest Payable	454,809	100,798	555,607	613,922
Unamortized Interest Payable	-0-	36,065	36,065	46,035
Claims & Judgements Payable	662,111	-0-	662,111	511,786
Due to Other Governmental Units	98,146	6,918	105,064	93,438
Unearned Revenue	7,572,092	420,515	7,992,607	7,839,097
Deferred Assessments	5,166,000	-0-	5,166,000	5,828,000
Customer Deposits	3,278,527	246,888	3,525,415	2,749,828
Noncurrent Liabilities:				
Compensated Absences	2,356,798	-0-	2,356,798	2,198,254
Bonds, Notes, Leases and Other Payable:				
Due within One Year	4,432,064	974,990	5,407,054	6,089,595
Due in More Than One Year	39,143,760	26,062,130	65,205,890	68,619,931
Total Liabilities	66,819,189	29,425,596	96,244,785	98,881,140
NET ASSETS				
Invested In Capital Assets, Net of Related Debt	337,682,449	36,734,060	374,416,509	375,803,091
Restricted For:				
Debt service	1,420,600	-0-	1,420,600	1,420,600
Capital Projects	3,751,658	-0-	3,751,658	3,516,808
Road Funds	474,255	-0-	474,255	977,010
Unrestricted	37,259,435	53,590,820	90,850,255	69,995,696
Total Net Assets	\$ 380,588,397	\$ 90,324,880	\$ 470,913,277	\$ 451,713,205

SANDY CITY
Statement of Activities
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended 2005

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 6,627,873	\$ 36,990	\$ -0-	\$ -0-
Police & Animal Control	11,758,990	3,198,097	311,888	-0-
Fire	6,844,133	1,726,046	75,724	343,556
Public Works	5,198,265	1,506,543	3,739,223	2,209,769
Parks, Landscapes and Cemetery	3,463,605	152,952	10,376	-0-
Community Development	2,346,659	2,762,696	487,410	-0-
Economic Development	2,510,664	4,406,573	-0-	-0-
Recreation and Cultural Events	1,739,575	944,071	-0-	-0-
Electric Utility	938,764	53,042	-0-	-0-
Storm Water Utility	3,938,323	3,652,827	-0-	-0-
Interest on Long-Term Debt	2,127,833	-0-	-0-	-0-
Total Governmental Activities	47,494,684	18,439,837	4,624,621	2,553,325
Business-Type Activities:				
Alta Canyon Sports Center	1,066,562	588,592	-0-	-0-
Water	16,136,948	19,324,327	-0-	-0-
Waste	3,624,065	3,539,681	-0-	-0-
Golf Course	1,323,255	1,950,594	-0-	-0-
Total Business-Type Activities	22,150,830	25,403,194	-0-	-0-
Total Primary Government	\$ 69,645,514	\$ 43,843,031	\$ 4,624,621	\$ 2,553,325

General Revenues:

Property Taxes

Sales Taxes

Franchise Taxes

Motor Vehicle Taxes

Interest Income

Sundry Revenue

Transfers

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

The accompanying notes are an integral part of this financial statement

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Comparative Total - 2005
\$ (6,590,883)	\$ -0-	\$ (6,590,883)	\$ (6,701,441)
(8,249,005)	-0-	(8,249,005)	(7,665,168)
(4,698,807)	-0-	(4,698,807)	(4,894,097)
2,257,270	-0-	2,257,270	(1,397,802)
(3,300,277)	-0-	(3,300,277)	(4,023,128)
903,447	-0-	903,447	555,600
1,895,909	-0-	1,895,909	2,653,842
(795,504)	-0-	(795,504)	(537,773)
(885,722)	-0-	(885,722)	(801,995)
(285,496)	-0-	(285,496)	1,526,874
(2,127,833)	-0-	(2,127,833)	(2,237,033)
(21,876,901)	-0-	(21,876,901)	(23,522,121)
-0-	(477,970)	(477,970)	(487,131)
-0-	3,187,379	3,187,379	2,385,451
-0-	(84,384)	(84,384)	79,804
-0-	627,339	627,339	(69,568)
-0-	3,252,364	3,252,364	1,908,556
(21,876,901)	3,252,364	(18,624,537)	(21,613,565)
7,350,178	291,608	7,641,786	7,553,674
17,681,709	-0-	17,681,709	15,857,517
6,600,373	-0-	6,600,373	6,284,131
825,617	38,424	864,041	856,740
1,472,455	665,480	2,137,935	1,036,155
2,898,765	-0-	2,898,765	1,737,769
(150,000)	150,000	-0-	-0-
36,679,097	1,145,512	37,824,609	33,325,986
14,802,196	4,397,876	19,200,072	11,712,421
365,786,201	85,927,004	451,713,205	440,000,784
\$ 380,588,397	\$ 90,324,880	\$ 470,913,277	\$ 451,713,205

SANDY CITY
Balance Sheet
Governmental Funds
June 30, 2006
With Comparative Totals for 2005

	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Funds	Governmental Funds	
						Total	Comparative 2005
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 5,814,091	\$ 6,421,691	\$ -0-	\$ 12,703,000	\$ 4,830,772	\$ 29,769,554	\$ 26,394,791
Receivables - Net	10,450,173	252,420	5,498,561	45,500	4,066	16,250,720	17,156,703
Due from other Govt. Units	930,732	-0-	-0-	480,987	61,936	1,473,655	511,385
Due From Other Funds	-0-	-0-	-0-	-0-	177,566	177,566	191,695
Prepaid Assets	207,570	-0-	-0-	-0-	-0-	207,570	212,936
Temporarily Restricted Cash:							
Road Funds	-0-	-0-	-0-	474,255	-0-	474,255	977,010
Capital Projects	-0-	-0-	1,703,869	3,751,658	-0-	5,455,527	5,152,735
Debt Service	-0-	-0-	1,420,600	-0-	-0-	1,420,600	1,420,600
Total Assets	17,402,566	6,674,111	8,623,030	17,455,400	5,074,340	55,229,447	52,017,855
<u>LIABILITIES:</u>							
Accounts Payable	921,816	295,772	-0-	352,725	356,115	1,926,428	1,612,377
Salaries & Benefits Payable	1,403,877	35,319	-0-	-0-	84,743	1,523,939	1,506,019
Due to Other Govt. Units	96,300	-0-	-0-	-0-	1,846	98,146	83,736
Due to Other Funds	-0-	-0-	174,380	-0-	3,186	177,566	191,695
Deferred Revenue	6,843,569	-0-	5,517,904	-0-	-0-	12,361,473	12,931,098
Deposits	3,239,917	30,610	-0-	-0-	8,000	3,278,527	2,557,762
Total Liabilities	12,505,479	361,701	5,692,284	352,725	453,890	19,366,079	18,882,687
Fund Balance							
Reserved for:							
Debt Service	-0-	-0-	1,420,600	-0-	-0-	1,420,600	1,420,600
Capital Projects	-0-	-0-	-0-	3,751,658	-0-	3,751,658	3,516,808
Roads	-0-	-0-	-0-	474,255	-0-	474,255	977,010
Unreserved Fund Balances							
General Fund	4,897,087	-0-	-0-	-0-	-0-	4,897,087	4,154,891
Special Revenue Fund	-0-	6,312,410	-0-	-0-	4,620,450	10,932,860	11,698,810
Debt Service Fund	-0-	-0-	1,510,146	-0-	-0-	1,510,146	1,414,559
Capital Projects Fund	-0-	-0-	-0-	12,876,762	-0-	12,876,762	9,952,490
Total Fund Balances	4,897,087	6,312,410	2,930,746	17,102,675	4,620,450	35,863,368	33,135,168
Total Liabilities and Fund Balances	\$ 17,402,566	\$ 6,674,111	\$ 8,623,030	\$ 17,455,400	\$ 5,074,340	\$ 55,229,447	\$ 52,017,855

The accompanying notes are an integral part of this financial statement

SANDY CITY

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets June 30, 2006

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Total Fund Balances for Governmental Funds (page 38)		\$ 35,863,368
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	195,214,053	
Buildings and Systems	49,266,216	
Improvements Other Than Buildings	9,246,571	
Vehicles	4,468	
Machinery and Equipment	733,108	
Infrastructure	117,316,034	
Construction in Progress	2,509,191	
Total Capital Assets		374,289,641
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as receivables.		
		617,013
A portion of the excess revenue collected by the internal service funds must be returned to the business-type activities.		
		(514,167)
Internal services funds are used by the City to charge the costs of the fleet operations, information services, insurance, risk management, equipment and employee benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		14,657,616
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net assets.		
Accrued Interest Payable	(454,809)	
Unamortized Bond Issuance Costs	539,018	
Bonds, Notes and Leases Payable - Current	(4,342,253)	
Bonds, Notes and Leases Payable - Noncurrent	(39,143,760)	
Compensated Absences - Noncurrent	(923,270)	
		(44,325,074)
Net Assets of Governmental Activities (page 35)		\$ 380,588,397

The accompanying notes are an integral part of this financial statement

SANDY CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2006

With Comparative Totals for the Year Ended 2005

	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Funds	Governmental Funds	
						Total	Comparative Total - 2005
Revenues:							
Taxes	\$ 32,182,802	\$ -0-	\$ 283,300	\$ -0-	\$ 4,406,571	\$ 36,872,673	\$ 34,324,191
Special Assessments	-0-	-0-	904,549	-0-	380	904,929	988,511
Innkeeper Fees	-0-	-0-	231,569	-0-	-0-	231,569	194,291
Licenses & Permits	2,571,942	-0-	-0-	-0-	-0-	2,571,942	2,011,739
Inter-Governmental Revenue	3,768,504	-0-	-0-	881,499	552,112	5,202,115	3,974,374
Charges for Services	1,911,079	2,822,593	267,509	467	651,568	5,653,216	5,907,478
Administrative Charges	1,520,720	-0-	-0-	-0-	-0-	1,520,720	1,344,587
Fines & Forfeitures	2,448,257	-0-	-0-	167,656	-0-	2,615,913	2,587,126
Cell Tower Lease	160,432	-0-	-0-	-0-	-0-	160,432	153,555
Fees from Developers	-0-	730,284	129,066	1,209,826	-0-	2,069,176	611,407
Interest Income	266,104	283,078	117,646	539,634	265,993	1,472,455	709,067
Miscellaneous Revenues	23,140	586	-0-	1,305,956	802,546	2,132,228	1,555,347
Total Revenues	44,852,980	3,836,541	1,933,639	4,105,038	6,679,170	61,407,368	54,361,673
Expenditures:							
Current							
General Government	7,981,061	-0-	-0-	-0-	38,242	8,019,303	7,616,861
Police & Animal Control	11,689,766	-0-	-0-	-0-	419,308	12,109,074	11,623,762
Fire	6,644,797	-0-	-0-	-0-	89,453	6,734,250	6,418,692
Public Works	5,111,617	-0-	-0-	-0-	-0-	5,111,617	4,773,677
Parks, Landscapes and Cemetery	2,856,055	-0-	-0-	-0-	43,366	2,899,421	2,693,818
Community Development	2,035,721	-0-	-0-	-0-	257,777	2,293,498	2,037,419
Economic Development	-0-	-0-	-0-	-0-	2,505,894	2,505,894	1,342,373
Recreation and Cultural Events	-0-	-0-	-0-	-0-	1,514,284	1,514,284	1,483,375
Electric Utility	-0-	-0-	-0-	-0-	627,597	627,597	568,783
Storm Water Utility	-0-	1,097,871	-0-	-0-	-0-	1,097,871	1,201,137
Capital Outlays:							
Public Works	-0-	-0-	-0-	5,491,723	-0-	5,491,723	2,995,550
Electric Utility	-0-	-0-	-0-	-0-	141,287	141,287	119,994
Storm Water Utility	-0-	2,533,636	-0-	-0-	-0-	2,533,636	800,994
Other Capital Outlays	-0-	-0-	-0-	-0-	-0-	-0-	10,290
Debt Service							
Principal	-0-	-0-	5,428,253	-0-	-0-	5,428,253	5,000,000
Interest on Long-Term Debt	-0-	-0-	2,120,693	-0-	-0-	2,120,693	2,234,858
Bond Issuance Cost and Trustee Fees	-0-	-0-	76,540	-0-	-0-	76,540	1,372,135
Total Expenditures	36,319,017	3,631,507	7,625,486	5,491,723	5,637,208	58,704,941	52,293,718
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,533,963	205,034	(5,691,847)	(1,386,685)	1,041,962	2,702,427	2,067,955
Other Financing Sources (Uses):							
Issuance of Debt	-0-	-0-	3,650,000	-0-	-0-	3,650,000	16,520,000
Bond Premium	-0-	-0-	90,798	-0-	-0-	90,798	857,599
Redemption of Refunded Bonds	-0-	-0-	(3,670,000)	-0-	-0-	(3,670,000)	(15,695,000)
Sale of Capital Assets	5,610	99,365	-0-	-0-	-0-	104,975	12,231
Transfers In	40,000	40,000	5,716,636	5,029,135	1,259,668	12,085,439	10,295,916
Transfers Out	(7,837,377)	(928,928)	-0-	(986,083)	(2,483,051)	(12,235,439)	(10,445,916)
Total Other Financing Sources (Uses)	(7,791,767)	(789,563)	5,787,434	4,043,052	(1,223,383)	25,773	1,544,830
Net Change in Fund Balances	742,196	(584,529)	95,587	2,656,367	(181,421)	2,728,200	3,612,785
Beginning Fund Balances	4,154,891	6,896,939	2,835,159	14,446,308	4,801,871	33,135,168	29,522,383
Ending Fund Balances	\$ 4,897,087	\$ 6,312,410	\$ 2,930,746	\$ 17,102,675	\$ 4,620,450	\$ 35,863,368	\$ 33,135,168

The accompanying notes are an integral part of this financial statement

SANDY CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2006

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental (page 40)	\$ 2,728,200
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,115,545
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(12,805)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,419,194
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(13,276)
Internal service funds are used by the City to charge the costs of various activities to individual funds. A portion of the internal service funds net revenues is reported with governmental activities.	<u>565,338</u>
Change in Net Assets of Governmental Activities (page 37)	<u>\$ 14,802,196</u>

The accompanying notes are an integral part of this financial statement

SANDY CITY**General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Taxes:				
General Property Taxes	\$ 7,094,600	\$ 7,094,600	\$ 7,075,103	\$ (19,497)
General Sales & Use Taxes	16,237,000	16,237,000	17,681,709	1,444,709
Franchise Taxes	5,805,820	5,805,820	6,600,373	794,553
Motor Vehicle Fee	825,000	825,000	825,617	617
Total Taxes	29,962,420	29,962,420	32,182,802	2,220,382
Licenses & Permits	1,740,600	1,740,600	2,571,942	831,342
Inter-Governmental Revenue	3,034,685	3,034,685	3,768,504	733,819
Charges for Services	1,713,565	1,713,565	1,911,079	197,514
Administrative Charges	1,520,720	1,520,720	1,520,720	-0-
Fines & Forfeitures	2,396,923	2,396,923	2,448,257	51,334
Cell Tower Lease	161,003	161,003	160,432	(571)
Interest Income	112,376	112,376	266,104	153,728
Miscellaneous Revenues	18,240	18,240	23,140	4,900
Total Revenues	40,660,532	40,660,532	44,852,980	4,192,448
Expenditures:				
General Government:				
Mayor	468,704	468,704	463,711	4,993
City Administrator	2,324,570	2,324,570	2,265,581	58,989
City Council	492,281	492,281	491,375	906
City Attorney	1,067,512	1,067,512	1,067,512	-0-
Court Services	1,132,343	1,132,343	1,131,521	822
Administrative Services	1,663,680	1,663,680	1,622,810	40,870
Non-Departmental	1,186,357	1,150,823	938,551	212,272
Total General Government	8,335,447	8,299,913	7,981,061	318,852
Public Safety:				
Police & Animal Control	11,709,478	11,712,712	11,689,766	22,946
Fire	6,649,379	6,649,379	6,644,797	4,582
Total Public Safety	18,358,857	18,362,091	18,334,563	27,528
Public Works	5,283,255	5,284,005	5,111,617	172,388
Parks and Cemetery	2,957,053	2,958,603	2,856,055	102,548
Community Development	2,038,263	2,038,263	2,035,721	2,542
Total Expenditures	36,972,875	36,942,875	36,319,017	623,858
Excess of Revenues Over Expenditures	3,687,657	3,717,657	8,533,963	4,816,306
Other Financing Sources (Uses):				
Sale of Capital Assets	-0-	-0-	5,610	5,610
Transfers In	40,000	40,000	40,000	-0-
Transfers Out	(3,288,224)	(3,318,224)	(7,837,377)	(4,519,153)
Total Other Financing Sources (Uses)	(3,248,224)	(3,278,224)	(7,791,767)	(4,513,543)
Net Change in Fund Balances	439,433	439,433	742,196	302,763
Beginning Fund Balances	4,154,891	4,154,891	4,154,891	-0-
Ending Fund Balances	\$ 4,594,324	\$ 4,594,324	\$ 4,897,087	\$ 302,763

The accompanying notes are an integral part of this financial statement

SANDY CITY

Storm Water Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Charges for Sales & Services	\$ 2,706,294	\$ 2,706,294	\$ 2,822,593	\$ 116,299
Contributions from Developers	700,000	700,000	730,284	30,284
Interest Income	80,000	80,000	283,078	203,078
Miscellaneous Revenues	-0-	-0-	586	586
Total Revenues	3,486,294	3,486,294	3,836,541	350,247
Expenditures:				
Salaries and Benefits	527,802	527,802	516,201	11,601
Materials & Supplies	155,665	166,665	133,144	33,521
Contracted Services	130,985	130,985	115,153	15,832
Internal Charges	1,169,456	1,169,456	284,006	885,450
Administrative Charges	46,555	46,555	46,555	-0-
Cost of Goods Sold	11,263	11,263	2,812	8,451
Capital Outlays	4,834,687	6,226,344	2,533,636	3,692,708
Total Expenditures	6,876,413	8,279,070	3,631,507	4,647,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,390,119)	(4,792,776)	205,034	4,997,810
Other Financing Sources (Uses):				
Sale of Capital Assets	3,500	3,500	99,365	95,865
Transfers In	40,000	40,000	40,000	-0-
Transfers Out	(928,927)	(928,927)	(928,928)	(1)
Total Other Financing Sources (Uses)	(885,427)	(885,427)	(789,563)	95,864
Net Change in Fund Balances	(4,275,546)	(5,678,203)	(584,529)	5,093,674
Beginning Fund Balances	6,896,939	6,896,939	6,896,939	-0-
Ending Fund Balances	\$ 2,621,393	\$ 1,218,736	\$ 6,312,410	\$ 5,093,674

The accompanying notes are an integral part of this financial statement

SANDY CITY
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 124,455	\$ 14,597,918	\$ 849,859	\$ 537,083	\$ 16,109,315	\$ 9,963,368
Receivables - Net	347,257	3,021,353	328,203	8,232	3,705,045	352,681
Due from other Govt. Units	-0-	300,250	-0-	-0-	300,250	76,509
Deferred Charges	-0-	403,567	-0-	-0-	403,567	-0-
Inventories	-0-	389,831	-0-	134,505	524,336	63,011
Total Current Assets	471,712	18,712,919	1,178,062	679,820	21,042,513	10,455,569
Noncurrent Assets:						
Investment In:						
Water Stock, Rights, and Capacity	-0-	29,375,399	-0-	-0-	29,375,399	-0-
Joint Venture	-0-	-0-	5,066,142	-0-	5,066,142	-0-
Capital Assets						
Land, Building, Plant, and Equipment	4,627,126	96,526,733	-0-	4,932,160	106,086,019	20,250,003
Accumulated Depreciation	(3,295,396)	(39,329,335)	-0-	(51,971)	(42,676,702)	(13,559,150)
Construction in Progress	-0-	342,938	-0-	-0-	342,938	277,779
Total Noncurrent Assets	1,331,730	86,915,735	5,066,142	4,880,189	98,193,796	6,968,632
Total Assets	1,803,442	105,628,654	6,244,204	5,560,009	119,236,309	17,424,201
LIABILITIES:						
Current Liabilities:						
Accounts Payable	13,407	805,390	483,998	58,553	1,361,348	120,713
Salaries & Benefits Payable	41,335	137,239	12,551	24,819	215,944	83,802
Accrued Interest Payable	-0-	45,642	-0-	55,156	100,798	-0-
Due to Other Govt. Units	(281)	-0-	-0-	7,199	6,918	662,112
Deferred/Unearned Income	420,515	-0-	-0-	-0-	420,515	376,619
Deposits	19,017	210,118	-0-	17,753	246,888	-0-
Bonds Payable	-0-	755,000	-0-	165,000	920,000	-0-
Capital Leases	-0-	-0-	-0-	-0-	-0-	89,811
Other Payables	-0-	54,990	-0-	-0-	54,990	-0-
Total Current Liabilities	493,993	2,008,379	496,549	328,480	3,327,401	1,333,057
Noncurrent Liabilities						
Compensated Absences	-0-	-0-	-0-	-0-	-0-	1,433,528
Bonds Payable	-0-	8,540,401	-0-	3,890,664	12,431,065	-0-
Notes Payable	-0-	13,667,130	-0-	-0-	13,667,130	-0-
Total Noncurrent Liabilities:	-0-	22,207,531	-0-	3,890,664	26,098,195	1,433,528
Total Liabilities	493,993	24,215,910	496,549	4,219,144	29,425,596	2,766,585
NET ASSETS						
Invested In Capital Assets, Net of Related Debt	1,331,730	34,577,805	-0-	824,525	36,734,060	6,878,821
Unrestricted	(22,281)	46,834,939	5,747,655	516,340	53,076,653	7,778,795
Total Net Assets	\$ 1,309,449	\$ 81,412,744	\$ 5,747,655	\$ 1,340,865	89,810,713	\$ 14,657,616
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					514,167	
Net assets of business-type activities (page 35)					<u>\$ 90,324,880</u>	

The accompanying notes are an integral part of this financial statement

SANDY CITY

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2006

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
Operating Revenues:						
Charges for Sales & Services	\$ 573,582	\$ 17,409,228	\$ 3,644,283	\$ 1,250,100	\$ 22,877,193	\$ 6,339,409
Fees from Developers	-0-	996,350	-0-	-0-	996,350	-0-
Miscellaneous Revenues	-0-	-0-	-0-	-0-	-0-	111,082
Total Operating Revenues	573,582	18,405,578	3,644,283	1,250,100	23,873,543	6,450,491
Operating Expenses:						
Salaries and Benefits	606,207	1,536,388	199,032	463,664	2,805,291	1,914,812
Materials & Supplies	137,079	510,113	58,352	179,367	884,911	50,555
Contracted Services	63,097	370,994	-0-	43,454	477,545	1,331,458
Internal Charges	27,395	456,562	32,585	168,557	685,099	26,072
Administrative Charges	61,295	786,910	234,640	36,686	1,119,531	208,367
Cost of Goods Sold	36,463	4,031,686	3,096,008	189,469	7,353,626	977,102
Non-Capital Improvements	8,707	4,216,554	-0-	8,268	4,233,529	358,956
Depreciation	132,859	3,016,797	-0-	21,865	3,171,521	1,919,589
Total Operating Expenses	1,073,102	14,926,004	3,620,617	1,111,330	20,731,053	6,786,911
Operating Income (Loss)	(499,520)	3,479,574	23,666	138,770	3,142,490	(336,420)
Nonoperating Revenues (Expenses):						
Property Taxes	330,032	-0-	-0-	-0-	330,032	376,506
Inter-Governmental Revenue	-0-	306,921	-0-	-0-	306,921	76,509
Interest Income	3,674	631,690	30,128	(12)	665,480	369,173
Cell Tower Lease	14,600	172,050	-0-	-0-	186,650	-0-
Contributions from Developers	-0-	387,100	-0-	-0-	387,100	-0-
Equity Earnings from Joint Venture	-0-	-0-	(104,601)	-0-	(104,601)	-0-
Other Income (Expense)	410	26,849	-0-	(8,999)	18,260	-0-
Gain (Loss) on Disposal of Asset	-0-	23,830	-0-	700,492	724,322	66,772
Bond Interest Expense	-0-	(1,199,781)	-0-	(191,421)	(1,391,202)	(4,779)
Total Nonoperating Revenues (Expenses):	348,716	348,659	(74,473)	500,060	1,122,962	884,181
Income (Loss) Before Transfers	(150,804)	3,828,233	(50,807)	638,830	4,265,452	547,761
Transfers:						
Transfers In	-0-	-0-	-0-	150,000	150,000	-0-
Change in Net Assets	(150,804)	3,828,233	(50,807)	788,830	4,415,452	547,761
Beginning Net Assets	1,460,253	77,584,511	5,798,462	552,035		14,109,855
Ending Net Assets	\$ 1,309,449	\$ 81,412,744	\$ 5,747,655	\$ 1,340,865		\$ 14,657,616
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(17,576)	
Change in net assets of business-type activities (page 37)					\$ 4,397,876	

The accompanying notes are an integral part of this financial statement

SANDY CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 521,801	\$ 17,336,186	\$ 3,599,400	\$ 1,237,910	\$ 22,695,297	\$ 6,445,737
Payments to Suppliers	(331,948)	(10,194,978)	(3,200,442)	(607,118)	(14,334,486)	(2,832,490)
Payments to Employees	(601,336)	(1,516,795)	(195,787)	(458,977)	(2,772,895)	(1,804,996)
Other Income	411	26,849	-0-	(8,999)	18,261	-0-
Net Cash Provided by (Used in) Operating Activities	(411,072)	5,651,262	203,171	162,816	5,606,177	1,808,251
Cash Flows from Noncapital Financing Activities:						
Tax Receipts	390,432	-0-	-0-	-0-	390,432	382,125
Cash Received (Paid) on Interfund Loan	-0-	100,695	-0-	(100,695)	-0-	-0-
Transfers from Other Funds	-0-	-0-	-0-	150,000	150,000	-0-
Net Cash Provided from Noncapital Financing Activities	390,432	100,695	-0-	49,305	540,432	382,125
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Capital Assets	(19,258)	(3,216,366)	-0-	(111,081)	(3,346,705)	(1,694,070)
Capital Grants and Contributions	-0-	6,671	-0-	-0-	6,671	-0-
Principal Paid on Revenue Bonds	-0-	(844,980)	-0-	(160,000)	(1,004,980)	(87,444)
Interest Paid on Revenue Bonds	-0-	(1,125,551)	-0-	(191,509)	(1,317,060)	(4,779)
Proceeds from Cell Tower Leases	14,599	172,050	-0-	-0-	186,649	-0-
Proceeds from Sale of Capital Assets	-0-	23,831	-0-	787,564	811,395	209,969
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,659)	(4,984,345)	-0-	324,974	(4,664,030)	(1,576,324)
Cash Flows from Investing Activities:						
Interest Income Received	3,674	631,690	30,128	(12)	665,480	369,173
Net Increase (Decrease) in Cash and Cash Equivalents	(21,625)	1,399,302	233,299	537,083	2,148,059	983,225
Cash and Cash Equivalents - Beginning of Year	146,080	13,198,616	616,560	-0-	13,961,256	8,980,143
Cash and Cash Equivalents - End of Year	\$ 124,455	\$ 14,597,918	\$ 849,859	\$ 537,083	\$ 16,109,315	\$ 9,963,368
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (499,520)	\$ 3,479,574	\$ 23,666	\$ 138,770	\$ 3,142,490	\$ (336,420)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:						
Depreciation	132,859	3,016,797	-0-	21,865	3,171,521	1,919,589
Other Non-Operating Income	411	26,849	-0-	(8,999)	18,261	-0-
Increase (Decrease) Due to Changes in:						
Accounts Receivables	(64,940)	(1,147,422)	(8,090)	(7,732)	(1,228,184)	(4,754)
Inventories	-0-	(120,014)	-0-	(19,433)	(139,447)	(16,243)
Prepaid Assets	-0-	533	-0-	110	643	299
Accounts Payable	2,088	297,322	221,143	38,006	558,559	135,964
Salaries & Benefits Payable	4,871	19,593	3,245	4,687	32,396	109,816
Deferred Revenue	13,159	(18,043)	-0-	-0-	(4,884)	-0-
Customer Deposits	-0-	96,073	(36,793)	(4,458)	54,822	-0-
Net Cash Provided (Used) by Operating Activities	\$ (411,072)	\$ 5,651,262	\$ 203,171	\$ 162,816	\$ 5,606,177	\$ 1,808,251
Noncash Investing, Capital, and Financing Activities:						
Contributions of Fixed Assets From Developers	-0-	387,100	-0-	-0-	387,100	-0-
Increase in Investments in Joint Venture	-0-	-0-	(104,601)	-0-	(104,601)	-0-

The accompanying notes are an integral part of this financial statement

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City operates under the council-mayor optional form of government. The City Council, comprised of seven elected individuals, is the governing authority for the City. The elected Mayor, with no voting rights on the City Council, has various administrative and veto powers. The City Council establishes City policy, approves the budget, and ratifies the appointment of the City Officials. The City Council is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government.

As required by Accounting Principles Generally Accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Therefore, data from these units are combined with data of the primary government. Each blended unit has a June 30 year end.

Blended Component Unit

The Sandy Redevelopment Agency (the Agency) was legally created as authorized by the Utah Neighborhood Development Act. The City Council is designated by ordinance as the governing body of the Agency. Therefore, the Agency is part of the City's reporting entity because the City has accountability for all significant fiscal and operating matters. The agency is reported as a Nonmajor Governmental Fund.

The Alta Canyon Recreation Special Service District (the District) was legally created as authorized by the Utah Special Service District Act. The District is within the boundaries of the City and services the northeast quadrant (approximately one-fourth) of the City. The District's Advisory Board is comprised of seven elected individuals. The Advisory Board establishes District policy, appoints the District officials, advises the City with respect to collection and disbursement of funds, and is responsible for funding deficits. The District also has the following powers: to sue and be sued, eminent domain, to enter into contracts, and to acquire and construct facilities. Of equal importance, no tax may be levied and no bonds shall be issued unless authorized by a majority of the qualified voters of the District.

The City Council approves the District's budget, property tax rate, issuance of any long-term debt, and can, at its discretion, dissolve the District. The District provides services which almost exclusively benefit the City. As of January 1, 2003, the District requested the City to take over the management of its daily operations. The District is reported as a blended component unit in the Enterprise Section of the financial statements.

Investment in Joint Venture

The City is a partner with neighboring cities in a joint venture known as Trans-Jordan Cities. The purpose of this joint venture is to provide solid waste management and disposal services. Investment in this joint venture is accounted for using the equity method (see note 9).

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Related Organizations

The City also has activities with Metropolitan Water District of Salt Lake and Sandy (MWDSLs). City officials appoint members to the board of directors, but the City's accountability does not extend beyond making the appointments.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, interfund activity has been removed from these statements. Governmental activities, which are largely supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services for support.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the Governmental Funds, Proprietary Funds, and Internal Service Funds. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the basic financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All Governmental Fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental Funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All Governmental Fund financial statements are maintained and reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

60 days. Principal revenue sources susceptible to accrual include property taxes, sales taxes, franchise taxes, special assessments, and interest on investments. Furthermore, expenditures are recorded when fund liabilities are incurred.

The Enterprise and Internal Service Fund financial statements are reported using the accrual basis of accounting. These funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds. Pronouncements of the Financial Accounting Standards Board (FASB) are applied if issued on or before November 30, 1989 and do not conflict with GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Implementation of New GASB Pronouncements

In fiscal year 2006, the City implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. The statistical section has been prepared in accordance with this statement and can be found beginning on page 128 of this report.

Description of Funds

The City reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for the normal activities of the City (police, fire, public works, parks, community development, general government, etc.). These activities are funded principally by property taxes, sales and use taxes, franchise taxes, licenses, and permits.

The **Storm Water Fund** accounts for the City's revenues and capital expenditures associated with drainage for storm water runoff.

The **Debt Service Funds** are used to account for the accumulation of resources for payment of general long-term debt principal and interest and special assessment levies when the City is obligated in some manner for the payment.

The **Capital Projects Fund** accounts for the resources used to acquire, construct, and improve major capital facilities, other than those financed by Proprietary Funds. Capital Projects funds allow the City to compile project cost data and demonstrate that legal or contractual requirements, regarding the use of the

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

resources, are fully satisfied. The principal source of funding is contributions from developers restricted for capital construction, operating transfers from the General Fund, grants, and bonding. All funds received for a particular purpose are restricted and used specifically for that purpose.

The City reports the following major Proprietary Funds:

The **Alta Canyon Sports Center Fund** accounts for the activities created by the Alta Canyon Recreation Special Service District.

The **Water Fund** is used to account for the operations of the City's water utility.

The **Waste Fund** accounts for waste collection services provided by an independent contractor.

The **Golf Fund** is used to account for the City's golf course.

Additionally, the City reports the following fund types:

The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The Internal Service Funds include the Fleet Fund, the Information Services Fund, the Risk Management Fund, the Equipment Management Fund, and the Payroll Management Fund.

Budget Operation

The City operates within the budget requirements as specified by Utah State law. The financial reports reflect the following budget standards:

1. For the fiscal year beginning July 1, the budget officer prepares a tentative budget which is presented to the City Council on or before the first regularly scheduled meeting in May.
2. By resolution, the City Council legally adopts the final budget on or before June 22, after appropriate public hearings have been held. However, if there is a change to the certified tax rate, the final budget can be adopted as late as August 17.
3. Once adopted, the budget can be amended by subsequent City Council action. Reductions in or reallocations of departmental appropriations can be approved by the City Council upon recommendation of the Budget Officer, but increased appropriations require a public hearing prior to amending the budget. Transfers of unexpended appropriations from one expenditure account to another in the same department can be made with the approval of the Budget Officer.
4. Interim adjustments in estimated revenue and departmental appropriations during the fiscal year 2006 have been included in the final budget approved by the City Council, as presented in the financial statements. These amendments were not material in relation to the original appropriations.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

5. As determined by Utah State law, the level for which expenditures may not legally exceed appropriations is the departmental budget within a given fund.
6. Budgets for the General, Special Revenue, Debt Service (General Purposes Debt Service Fund only), and Capital Projects Funds are adopted on a basis consistent with Accounting Principles Generally Accepted in the United States of America (GAAP). Special Assessment Funds are grouped with Debt Service Funds. Operating and capital budgets are required by Utah State law for Proprietary Fund types, although such budgets are not required to be presented in the financial statements. In addition, budgets for Special Assessment Funds are not required by Utah State law.
7. All unexpended appropriations lapse at the end of the budget year. However, unexpended Capital Projects Fund appropriations may be reappropriated by a resolution of the City Council without holding public hearings.

Encumbrances

Encumbrance accounting is not employed by the City.

Investments

Investments in interest earning deposits are stated at cost plus or minus unamortized premiums or discounts which approximates fair value.

Inventory

The inventories are stated at the lower of cost, determined on the first-in first-out basis, or market.

Deferred Charges

Deferred charges represent issuance costs on bonds which are amortized over the life of the issue using the bonds outstanding or straight-line method, which approximates the interest method.

Interfund Transactions

In the normal course of its operations, the City has various transactions between funds. Various City funds provide a number of services such as administrative, fleet operations, information services, insurance and risk management, etc. to other City funds. Charges are treated as revenues in the fund providing the service and as operating expenses in the fund receiving the service. Non-recurring and non-routine transfers are accounted for as changes in fund balance. Other transfers are recognized as transfers in and out, respectively, by the funds involved. Short-term payables are shown as due to/from other funds. Long-term payables are shown as advances to/from other funds.

Other Depreciable Property

Other depreciable property, including autos, trucks, machinery and equipment, and office furniture and equipment, is stated at cost. Depreciation has been provided on a straight-line method over estimated useful lives.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Water Rights

Water stock, rights, and capacity are stated at cost.

Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$7,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Wells	25 years
Water Tanks	25 years
Distribution Mains	33 years
Buildings and Structures	20-40 years
Pumps	8 years
Machinery and Equipment	5-10 years
Vehicles	5-15 years
Office Furniture and Equipment	5-10 years
Street Lights and Traffic Signals	30-50 years
Storm Water Improvements	40 years
Pools	30 years
Infrastructure	25 years

Modified Approach

With the implementation of GASB Statement No. 34, Sandy City began capitalizing roadway system infrastructure in fiscal year 2003. The City elected to follow the modified approach to account for this infrastructure. The City has made a commitment to preserve and maintain the roadway system of infrastructure assets at a condition level determined by the City. The City's Public Works department is responsible for determining the appropriate condition level at which the roadway system is to be maintained. No depreciation expense is reported for the roadway system after July 1, 2002; however, the estimated historical cost of roadway system infrastructure up to July 1, 2002 was recorded in total along with corresponding accumulated depreciation. Amounts capitalized in connection with improvements that lengthen the life of the roadway system are not reported unless the improvements also increase its service potential. The City maintains an inventory of the roadway system and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Annual estimates are made by the City of the amounts that must be expended to preserve and maintain the roadway system at the predetermined condition levels.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the July 1, 2000 adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue. With the July 1, 2001 adoption of SGAS No. 34, amounts that were contributed in prior years and were shown as contributed capital at June 30, 2002, have been reclassified as beginning net assets.

Capital Leases

The City has acquired certain assets under leases which are required by Accounting Principles Generally Accepted in the United States of America to be accounted for as capital leases. A capital lease is one which results in the lessee (the City) obtaining financing for the purchase of the leased asset. The present values of the lease payments at inception of the leases and the corresponding assets are recorded. Governmental fund capital lease transactions are accounted for in the governmental activities portion of the government-wide statements, while those of the proprietary funds are accounted for in their respective funds. The liability is reduced each year by the portion of lease payments representing principal, not interest. The cost of leased assets is amortized over the life of the assets and the amortization expense is included with depreciation expense.

Utility Revenue

Throughout the year, utility revenues in the Water, Electric Utilities, and Storm Water Utilities funds are recorded when billed. At year end, the fund records, as unbilled receivables and revenue, an amount which approximates revenue from the last meter reading or billing date at fiscal year end.

Deferred Revenue

Deferred property tax revenue as of June 30, 2006 consists of property taxes levied for fiscal year 2005-2006 and collected in advance or recorded as a receivable. Deferred special assessment revenue as of June 30, 2006 consists of special assessments levied but not collected or available to pay liabilities of the current period.

Total Columns

The total columns shown on the accompanying fund financial statements are mathematical totals only and do not eliminate inter-fund transactions or include other entries required to present consolidated financial statements. The government-wide financial statements do, however, eliminate most inter-fund transactions and the double counting of revenues and expenses. They are therefore much closer to the consolidated financial statements presented in private sector accounting.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and are therefore reported as receivables. The \$617,013 in receivables consists of \$331,771 of delinquent property taxes and \$285,242 of justice court receivables.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the governmental-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The \$6,115,545 difference consists of \$9,575,571 of capital outlays, \$(901,101) asset deletions, and \$(2,558,925) of depreciation expense.

Another element of that reconciliation states that "The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The \$5,419,194 difference consists of:

Principal Repayments	\$ 9,098,253
Debt issued or incurred:	
General Obligation Refunding Bonds	(3,650,000)
Issuance Cost (net of premiums)	<u>(29,059)</u>
Total Difference Related to the Issuance and Repayment of Debt	<u><u>\$ 5,419,194</u></u>

Note 3 - Property Taxes

The property tax revenue of Sandy City is collected and distributed by the Salt Lake County Treasurer as an agent for the City. Utah State laws establish the process by which taxes are levied and collected. The property tax calendar is as follows:

1. By March 1, the City notifies the County Commission to establish a proposed date, time, and place for a tax rate adoption hearing.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

2. By March 31, the County Treasurer settles property taxes charged and collected for the previous year.
3. By June 8, the County Auditor sends valuation, certified tax rate, and levy worksheet forms to the City.
4. Before June 22, the City adopts a proposed tax rate and certifies the tax rate with the County Auditor.
5. Before July 22 (if the City adopts a tax rate higher than the certified tax rate), the County Auditor mails a notice of intent to exceed the certified tax rate to property owners. This notice is normally combined with the tax notice.
6. By August 17, the City adopts the final tax rate and certifies the tax rate with the County Auditor.
7. Between August 8 and August 22, taxpayers may petition the County Board of Equalization for an adjustment in the taxable value of the real property.
8. By November 1, the County Auditor approves changes in taxable value of the real property and the County Treasurer mails tax notices with a due date of November 30. Payments made after November 30 are considered delinquent and are subject to a penalty.
9. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the real property, and the amount of taxes and penalties bear interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale.

With the July 1, 2000 adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, more fully described below, Sandy City changed its method of accounting for property taxes. SGAS No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, defines a nonexchange transaction as one in which “a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.” For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes has recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2006. Most of the tax will not be received until the following fiscal year.

Note 4 - Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Detailed accounting records are maintained for each individual fund; however, to provide the maximum amount of interest earnings on all funds of the City, all cash is pooled for investment purposes.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a “qualified depository”. The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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maintain to be eligible to accept public funds. The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's deposits are insured up to \$100,000 per account by the Federal Deposit Insurance Corporation (FDIC). Deposits above \$100,000 are exposed to credit risk. The bank balance of the City's deposits totaled \$2,380,098, with a carrying value of \$739,985. Of this amount, \$100,000 was insured and the remaining \$2,280,098 was uninsured and uncollateralized. The City has no formal policy regarding deposit credit risk.

A summary of restricted and unrestricted cash and cash equivalents at June 30, 2006 is as follows:

	Cash and Cash Equivalents
Unrestricted	\$ 55,842,237
Restricted	7,350,382
Total	\$ 63,192,619
Deposits	\$ 739,985
Investments	62,452,634
Total	\$ 63,192,619

Note 5 - Investments

The City's investment policies are governed by State statutes. City funds are invested only in the following: (1) negotiable or nonnegotiable deposits of qualified depositories; (2) repurchase agreements with qualified depositories or primary reporting dealers, acting as principal for securities of the United States Treasury or other authorized investments, only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are conducted with a qualified depository; (3) commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poor's Inc., having a remaining term to maturity of 270 days or less; (4) bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less; (5) negotiable interest bearing deposits of \$100,000 or more which have a remaining term to maturity of 365 days or less; (6) obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds; (7) obligations issued or fully guaranteed as to principal and interest by the following agencies

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Home Loan Banks, Federal Farms Credit Banks, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, or Student Loan Marketing Association; (8) the Utah State Treasurer's Investment Fund; and (9) fixed and variable rate corporate obligations that meet criteria under the Money Management Act.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by the Utah State Treasurer. The PTIF is available for investment of funds administered by any Utah public treasurer. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Utah Money Management Act. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participant's balance is their investment deposited in the PTIF plus their share of income, gains, and losses net of administration fees which is allocated to each participant on the ratio of each participant's share to the total funds in the PTIF. The participant's monthly investment amount is based upon their average daily balance. Twice a year at June 30 and December 31, the investments are valued at fair value for participants (public entities having those year ends) to enable them to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB Statement No. 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2006) and then compare those values to determine an agreed upon fair value of the securities.

As of June 30, 2006, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah PTIF	\$ 62,452,634	\$ 62,452,634			

Credit Risk

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the Money Management Act. The Act details authorized investments which are high-grade securities and, therefore, subject to very little credit risk except in the most unusual and unforeseen circumstances.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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As of June 30, 2006, the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah PTIF	\$ 62,452,634				\$ 62,452,634

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

As of June 30, 2006, the City had no investments requiring risk disclosure.

Note 6 - Restricted Assets

General Fund activity in unexpended State Road funds, during fiscal year 2006, that are required by the Utah State law to be restricted for road construction and maintenance, are summarized as follows:

State Road Allotment	\$ 3,475,548
Expenditures: Highway Maintenance	<u>(3,475,548)</u>
Unexpended State Road Allotment	<u><u>\$ -0-</u></u>

Debt Service Fund

Pursuant to Utah State law and the bond indentures of the Auto Mall Special Improvement District Special Assessment Bonds, the City has created a Special Improvement Guarantee Fund. The assets of the Special Improvement Guarantee Fund are restricted for payment of maturing special improvement bonds and interest accruing thereon of \$196,000. As of June 30, 2006, the amount held of \$196,000 was in compliance with funding requirements.

Pursuant to Utah State law and the bond indentures of the City Center Special Assessment Bonds, the City has created a Special Improvement District Fund. The assets of the Special Improvement District Fund are restricted for payment of maturing special improvement bonds and interest accruing thereon of \$440,900. As of June 30, 2006, the amount held of \$440,900 was in compliance with funding requirements.

Pursuant to Utah State law and the bond indentures of the South Towne Ridge Special Assessment Bonds, the City has created a Special Improvement District Fund. The assets of the Special Improvement District Fund are restricted for payment of maturing special improvement bonds and interest accruing thereon of \$76,200. As of June 30, 2006, the amount held of \$76,200 was in compliance with funding requirements.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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Pursuant to the 2000 Motor Fuel Excise Tax Revenue Bonding Agreement, the City is required to have a debt service reserve of \$707,500. As of June 30, 2006, the City was in compliance with funding requirements with reserves in the General Purpose Debt Service Fund.

Other Governmental Funds

Restricted assets represent unexpended receipts which are restricted for use on future capital projects. The changes in restricted balances during fiscal year 2006 are summarized as follows:

	Road Funds	Capital Projects Fund				Debt Service Funds
		Park & Trail Fees	Grants & Court Surcharge	Land Purchase/ Other	Total	
Balance - July 1, 2005	\$ 977,010	\$ 790,324	\$ 1,005,777	\$ 1,720,707	\$ 3,516,808	\$ 1,635,927
Additions:						
Fees & Transfers In	291,530	765,580	1,049,830	388,452	2,203,862	-0-
Interest Earnings	26,935	40,374	32,402	75,669	148,445	67,942
Reductions: Expenditures & Transfers Out	(821,220)	(105,214)	(1,224,680)	(787,563)	(2,117,457)	-0-
Balance - June 30, 2006	\$ 474,255	\$ 1,491,064	\$ 863,329	\$ 1,397,265	\$ 3,751,658	\$ 1,703,869

Business-Type Fund

There are no restricted assets in the business-type funds.

Note 7 - Receivables

Receivables in governmental activities consist of \$11,454,543 in taxes, \$5,166,000 in special assessments, \$541,728 in billing receivables, and \$58,143 in other receivables. Business-type activities receivables are comprised of \$3,357,483 in billing receivables, \$342,118 in taxes receivable, and other receivables of \$5,444. The City expects to collect all of these receivables during fiscal year 2007.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 8 - Due From/To Other Funds

Short term interfund loans at June 30, 2006 are summarized as follows:

Fund	Due From Other Funds	Due to Other Funds
Governmental Funds:		
Redevelopment Agency - South Towne	\$ 177,566	
Debt Service - Innkeeper		\$ 174,380
CDBG		3,186
Total	\$ 177,566	\$ 177,566

Note 9 - Joint Venture

As of June 30, 2006, the City has a 33.20 percent ownership in Trans-Jordan Cities (the Association). The Association was organized in 1968 as a joint enterprise fund of the cities of Midvale, West Jordan, Murray, and Sandy, Utah. In 1997 the Association was joined by the City of South Jordan, and the Cities of Draper and Riverton joined in 1998. The primary purpose of the Association is the operation, maintenance, and control of a refuse dumping site situated east of Bingham Canyon in Salt Lake County. The percentage interest in operations for each of the entities is as follows:

Sandy City	33.20%
West Jordan City	26.15
Murray City	9.32
Midvale City	5.92
South Jordan	10.25
Draper	7.25
Riverton	<u>7.91</u>
Total	<u>100.00%</u>

The Association is governed by its own Board of Directors. Under the Organization Agreement, the board is composed of the Mayors, or their appointed representatives, of the seven participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The following is a summary of audited financial information of the Association for the fiscal year ended June 30, 2006:

Assets:

Current Assets	\$ 10,116,150
Property, Plant and Equipment - Net	5,611,733
Non Current Assets	<u>3,739,865</u>
Total Assets	<u>\$ 19,467,748</u>

Liabilities:

Current Liabilities	\$ 365,859
Noncurrent Liabilities	<u>3,842,424</u>
Total Liabilities	<u>\$ 4,208,283</u>

Net Assets:

Invested in Capital Assets,	
Net of Related Debt	\$ 5,611,733
Unrestricted	<u>9,647,732</u>
Total Net Assets	<u>\$ 15,259,465</u>

Income Statement:

Operating Revenue	\$ 5,086,254
Operating Expenses	<u>5,940,255</u>
Operating Loss	(854,001)
Non-Operating Income	614,214
Non-Operating Expenses	<u>35,869</u>
Net Income (Loss)	<u>\$ (275,656)</u>

The City paid \$602,431 to the Association for landfill costs during fiscal year 2006. Complete financial statements for the Association may be obtained at the following address:

Trans Jordan City Landfill
10873 South 7200 West
South Jordan, Utah 84095-0610

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 10 - Investment in Water Stock, Rights, and Capacity

The Water Fund had the following investments in water stock, rights, and capacity at June 30, 2006:

Water Stock:	<u>Shares</u>	<u>Cost</u>
Bell Canyon Irrigation Company	1,863	\$ 442,607
Cahoon and Maxfield Irrigation Company	50	1,856
Draper Irrigation Company	639	512,100
East Jordan Irrigation Company	246	24,590
Granite Water Company	10	3,743
Last Chance Ditch Company	504	26,437
Little Cottonwood Water Company	11,358	113,580
Nickle Irrigation Company	1,025	108,395
Sandy Canal Company	227	124,854
Sandy Irrigation Company	1,749	870,293
South Despain Ditch Company	33	20,041
Tanner Ditch Company	2	450
Union East Jordan Irrigation Company	904	48,148
Welby Jacob Water Users Company	9	9,050
Provo Reservoir Water Users Company	52	780,179
Provo Bench Canal and Irrigation Company	1	27,975
North Jordan Irrigation Company	84	<u>199,500</u>
Total Water Stock		3,313,798
Water Rights - Thompson and Lym Ditches		38,581
Water Capacity		<u>26,023,020</u>
Total Water Stock, Rights and Capacity		<u><u>\$29,375,399</u></u>

Note 11 - Capital Assets

The following two tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2006:

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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Primary Government

Government Activities:

Capital Assets, Not Being Depreciated:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 189,709,253	\$ 5,504,800	\$ -0-	\$ 195,214,053
Infrastructure	116,189,101	1,126,933	-0-	117,316,034
Construction in Progress	972,616	2,647,211	832,857	2,786,970
Total Capital Assets, Not Being Depreciated	306,870,970	9,278,944	832,857	315,317,057

Capital Assets, Being Depreciated:

Buildings	31,805,199	832,507	-0-	32,637,706
Non-Building Imprv	14,771,504	1,296,353	80,288	15,987,569
Machinery & Equip	6,804,384	756,438	80,217	7,480,605
Autos & Trucks	14,242,822	1,095,859	737,508	14,601,173
Street Lights	8,809,153	141,287	-0-	8,950,440
Storm Water	25,786,857	386,400	-0-	26,173,257
Total Capital Assets being depreciated	102,219,919	4,508,844	898,013	105,830,750

Less Accumulated Depreciation:

Buildings	6,918,863	805,509	-0-	7,724,372
Non-Building Improvements	6,092,183	638,240	12,043	6,718,380
Machinery & Equipment	4,553,197	622,510	21,154	5,154,553
Autos & Trucks	8,701,742	1,473,042	653,369	9,521,415
Street Lights	1,839,413	295,987	-0-	2,135,400
Storm Water	7,992,188	643,227	-0-	8,635,415
Total Accumulated Depreciation	36,097,586	4,478,515	686,566	39,889,535

Total Capital Assets, Being Depreciated, Net

Governmental Activities Capital Assets, Net

	66,122,333	30,329	211,447	65,941,215
	\$ 372,993,303	\$ 9,309,273	\$ 1,044,304	\$ 381,258,272

Business-Type Activities:

Capital Assets, Not Being Depreciated:

Land	\$ 6,649,806	\$ -0-	\$ 87,071	6,562,735
Construction in Progress	8,222,093	216,401	8,095,556	342,938
Total Capital Assets, Not Being Depreciated	14,871,899	216,401	8,182,627	6,905,673

Capital Assets, Being Depreciated:

Buildings	3,724,751	19,258	-0-	3,744,009
Non-Building Imprv	2,829,228	836,517	-0-	3,665,745
Main Lines	62,156,266	2,041,428	-0-	64,197,694
Wells	6,596,687	7,859,545	-0-	14,456,232
Storage Tanks	9,047,542	510,441	-0-	9,557,983
Pump Equipment	2,535,715	-0-	-0-	2,535,715
Pool	605,364	-0-	-0-	605,364
Autos & Trucks	45,953	38,227	-0-	84,180
Machinery & Equip	663,048	13,315	-0-	676,363
Total Capital Assets being depreciated	88,204,554	11,318,731	-0-	99,523,285

Less Accumulated Depreciation:

Buildings	1,280,834	92,538	-0-	1,373,372
Non-Building Imprv	2,245,318	122,141	-0-	2,367,459
Main Lines	24,426,238	2,150,441	-0-	26,576,679
Wells	2,765,445	385,639	-0-	3,151,084
Storage Tanks	5,507,277	287,739	-0-	5,795,016
Pump Equipment	2,348,959	74,702	-0-	2,423,661
Pool	403,120	20,179	-0-	423,299
Autos & Trucks	13,212	7,097	-0-	20,309
Machinery & Equip	514,777	31,047	-0-	545,824
Total Accumulated Depreciation	39,505,180	3,171,523	-0-	42,676,703

Total Capital Assets, Being Depreciated, Net

Business-Type Activities Capital Assets, Net

	48,699,374	8,147,208	-0-	56,846,582
	\$ 63,571,273	\$ 8,363,609	\$ 8,182,627	\$ 63,752,255

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Depreciation expense for the year ended June 30, 2006 for governmental and business-type activities are shown in the following table:

Governmental Activities:

General Government	\$ 306,978
Police & Animal Control	191,890
Fire	141,916
Public Works	50,426
Parks, Landscapes and Cemetery	619,840
Community Development	43,922
Economic Development	7,151
Recreation and Cultural Events	232,630
Electric Utility	307,904
Storm Water Utility	656,268
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,919,589</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 4,478,514</u></u>

Business-Type Activities

Alta Canyon Sports Center	\$ 132,859
Water	3,016,797
Golf Course	<u>21,865</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 3,171,521</u></u>

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 12 - Long-term Obligations

Revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds are included in the accounts of such funds. All other long-term obligations of the City are accounted for in the Governmental Activities of the government-wide statements. The following table summarizes changes in long-term obligations for the year ended June 30, 2006:

	Rate (%)	Amount of Original Issue (bonds only)	Balance June 30, 2005	Additions	Retirements	Balance June 30, 2006	Due Within One Year
<u>Governmental Activities</u>							
General Obligation Bonds							
1995 General Obligation Bonds	3.60 to 5.50	\$ 6,250,000	\$ 4,225,000	\$ -0-	\$ 4,225,000	\$ -0-	\$ -0-
2005 General Obligation Bonds	3.50 to 4.00	3,650,000	-0-	3,650,000	-0-	3,650,000	600,000
Revenue Bonds							
2000 Motor Fuel Excise Tax	4.25 to 5.25	7,075,000	4,325,000	-0-	620,000	3,705,000	655,000
2001A MBA Escrow	4.71	600,000	130,000	-0-	130,000	-0-	-0-
2002 Sales Tax Revenue	3.00 to 5.25	10,180,000	8,605,000	-0-	565,000	8,040,000	580,000
2003 Sales Tax Revenue	1.75 to 4.60	7,225,000	5,680,000	-0-	1,580,000	4,100,000	475,000
2004 Sales Tax Revenue	3.00 to 5.00	16,520,000	15,600,000	-0-	705,000	14,895,000	725,000
Special Development Bonds							
2002 Auto Mall Refunding	2.73 to 4.83	1,960,000	1,739,000	-0-	190,000	1,549,000	197,000
2002A Parking Facility	2.65 to 4.75	4,409,000	3,648,000	-0-	397,000	3,251,000	411,000
2002B South Towne Ridge Road	2.80 to 4.80	762,000	631,000	-0-	68,000	563,000	71,000
Notes Payable							
HUD Section 108 Loan	LIBOR + .2%	2,515,000	1,835,000	-0-	115,000	1,720,000	125,000
Long-Term Contract Payable	5.00	2,516,267	-0-	2,516,267	503,253	2,013,014	503,253
Long-Term Compensated Absences			917,134	167,101	160,965	923,270	-0-
Internal Service Fund Debt							
Compensated Absences			1,353,285	255,235	174,992	1,433,528	72,165
Equipment Lease Purchase	2.70	345,300	177,262	-0-	87,450	89,812	89,812
Total Governmental Long-Term Obligations		64,007,567	48,865,681	6,588,603	9,521,660	45,932,624	4,504,230
<u>Business-Type Activities</u>							
Revenue Bonds							
2002B Sales Tax Revenue (Golf)	3.00 to 5.00	4,550,000	4,245,000	-0-	160,000	4,085,000	165,000
2004 Water Revenue and Refunding	2.50 to 5.00	9,965,000	9,965,000	-0-	735,000	9,230,000	755,000
Long-Term Contract Payable		13,832,100	13,832,100	-0-	109,980	13,722,120	54,990
Total Business-Type Long-Term Obligations		28,347,100	28,042,100	-0-	1,004,980	27,037,120	974,990
Total Government Wide Long-Term Obligations		\$ 92,354,667	\$ 76,907,781	\$ 6,588,603	\$ 10,526,640	\$ 72,969,744	\$ 5,479,220

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The annual debt requirements to maturity, including principal and interest, as of June 30, 2006 are listed in the following tables:

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 600,000	\$ 129,025	\$ 2,435,000	\$ 1,328,409	\$ 679,000	\$ 234,165
2008	625,000	104,525	2,480,000	1,241,566	703,000	208,471
2009	655,000	80,563	2,605,000	1,138,270	729,000	180,168
2010	680,000	56,350	2,740,000	1,027,395	761,000	149,406
2011	710,000	29,400	1,750,000	903,176	794,000	115,852
2012-2016	380,000	7,600	10,180,000	3,276,586	1,697,000	121,455
2017-2021	-0-	-0-	7,705,000	905,841	-0-	-0-
2022-2026	-0-	-0-	845,000	59,320	-0-	-0-
Subtotal	\$ 3,650,000	\$ 407,463	30,740,000	\$ 9,880,563	\$ 5,363,000	\$ 1,009,517
Less: Unamortized (Premiums), Discount, and Costs	(26,810)		469,769		96,059	
Net Debt	\$ 3,676,810		\$30,270,231		\$ 5,266,941	

Year Ending June 30	Governmental Activities (Continued)				Business Activities	
	Notes & Other Payables		Totals		Bonds & Other Payables	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 628,253	\$ 213,677	\$ 4,342,253	\$ 1,905,276	974,990	1,176,615
2008	633,253	180,258	4,441,253	1,734,820	1,004,220	1,149,700
2009	643,253	146,250	4,632,253	1,545,251	1,081,520	1,119,172
2010	653,253	111,435	4,834,253	1,344,586	1,213,040	1,083,926
2011	165,000	75,654	3,419,000	1,124,082	701,500	1,051,490
2012-2016	1,010,000	185,519	13,267,000	3,591,160	4,814,630	4,721,023
2017-2021	-0-	-0-	7,705,000	905,841	6,220,270	3,451,511
2022-2026	-0-	-0-	845,000	59,320	6,272,430	1,836,317
2027-2032	-0-	-0-	-0-	-0-	4,754,520	668,655
Subtotal	\$ 3,733,012	\$ 912,793	43,486,012	\$ 12,210,336	27,037,120	\$ 16,258,409
Less Unamortized Premiums, Discount, and Costs			539,018		366,626	
Net Debt			\$42,946,994		\$ 26,670,494	

General Obligation Bonds

On December 15, 1995, the City issued \$6,250,000 in General Obligation Refunding Bonds (Series 1995) with a maturity date of December 15, 2011 at interest rates of 3.60 to 5.50 percent. The bonds were issued for the purpose of advance refunding of the City's \$8,065,000 Public Building and Refunding Bonds (Series 1991) which were originally issued for (i) the construction of a City hall/police station; (ii) the refunding of certain certificates of participation; and (iii) the refunding of certain general obligation bonds. The bonds maturing on or prior to December 15, 2005, are not subject to call and redemption prior to maturity, while those maturing on or after December 15, 2006, are subject to redemption at the option of the City on December 15, 2005, and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest. These bonds were defeased with the 2005 General Obligation Refunding Bonds (see below).

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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On September 27, 2005, the City issued \$3,650,000 in General Obligation Refunding Bonds (Series 2005) with a maturity date of December 15, 2011 at an average interest rate of 3.865 percent to advance refund \$3,670,000 of the outstanding 1995 Series bonds with interest rates of 3.60 to 5.50 percent. The net proceeds of \$3,738,640 (after a City transfer of \$63,000, an issuance premium of \$90,797, and \$65,157 in miscellaneous issuance costs) were used to purchase U.S. Treasury Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 Series bonds. As a result, the 1995 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The 2005 General Obligation Refunding Bonds are not subject to redemption prior to maturity.

Although the Series 2005 advance refunding resulted in the recognition of an accounting loss of \$(6,564) for the year ended June 30, 2006, the City in effect reduced its aggregate debt service payments by \$215,029 over the next seven years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$193,318.

Special Improvement Bonds with Governmental Commitment

Principal and interest on special improvement bonds are paid from special assessment collections. The primary source of repayment of the special assessment debt is assessments against the benefitted property owners. This debt is secured by liens on assessed property and is also backed by the full faith and credit of the City as additional security (see debt service reserve requirement in Note 5).

A separate fund, the Special Improvement Debt Service Fund, has been established to contain the receipts derived by the City from the special assessments levied upon the property included in the special improvement districts together with interest on the assessments and, if necessary, additional funds transferred by the City to the debt service fund. Under the terms of the special improvement bond resolutions and state law, the City has agreed to maintain a special improvement guarantee account for the benefit of the bondholders.

On September 1, 2002, the City issued \$1,960,000 in Special Assessment Refunding Bonds (Auto Mall) at rates from 2.73 to 4.83 percent with a final maturity date of September 1, 2012. This bond replaced the 1993 Special Assessment bond. The Special Improvement District No. 90-1 (Auto Mall) was originally established by the City for the purpose of making improvements within the District. Assessments have been levied against the property included within the district to finance the cost of the improvements, all in conformance with and subject to the requirements of the Improvement District Act.

On December 19, 2002, the City issued \$4,409,000 in Special Assessment Bonds at rates from 2.65 to 4.75 percent with a final maturity date of December 15, 2012. The Special Improvement District No. 2001-1 (Parking Structure) was established by the City for the purpose of acquisition of land and rights of way and construction of parking and plaza improvements.

On December 19, 2002, the City issued \$762,000 in Special Assessment Bonds at rates from 2.80 to 4.80 percent with a final maturity date of December 15, 2012. The Special Improvement District No. 2000-1 (South Towne Ridge Road) was established by the City to acquire land and rights of way, to construct roads, and to install water, sewer, and storm drain improvements.

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Motor Fuel Bonds

On March 7, 2000, the City issued \$7,075,000 in Motor Fuel Excise Tax Revenue Bonds. The Series 2000 bonds bear interest at 4.25 to 5.25 percent and have a final maturity of January 15, 2010. The bonds were issued to finance the construction or repair of streets located within the City boundaries. The City has pledged motor and special fuel excise taxes (Class C road funds) as collateral for these revenue bonds. The Series 2000 bonds are not callable for redemption prior to maturity.

Water Bonds

On April 22, 2004, the Water Utility issued \$9,965,000 in Water Revenue and Refunding Bonds (Series 2004) at rates from 2.50 to 5.00 percent with a final maturity date of November 15, 2025. The bonds were issued for the purpose of (i) refunding all of the City's outstanding Water Revenue and Refunding Bonds, Series 1993A, (ii) financing costs of certain improvements to the City's water system and (iii) paying costs of issuance of the Series 2004 Bonds.

The bond resolution approved in conjunction with the issuance of the Series 2004 bonds provides, among other things, that certain funds be established and that certain accounting procedures be followed. Under the terms of the resolution, the City will establish and collect rates and charges (including impact fees and connection fees) for System services which are reasonably expected to produce net revenues equal to 110 percent of the aggregate annual debt service requirement for such year.

Municipal Building Authority (MBA) Bonds

On March 6, 2001, the Municipal Building Authority issued \$600,000 in Lease Revenue Bonds (Series 2001A) at an interest rate of 4.71 percent with a final maturity date on March 1, 2006. The bonds were issued for the purpose of constructing a fire station.

Sales Tax Revenue Bonds

Sales Tax Revenue Bonds are special limited obligations of the City that are backed by the sales and use taxes levied by the City under the Local Sales and Use Tax Act.

On February 15, 2002, the City issued \$10,180,000 in Sales Tax Revenue Bonds (Series 2002) at rates from 3.00 to 5.25 percent with a final maturity date of September 15, 2016. The bonds were issued to finance the costs associated with acquiring, constructing, and equipping certain storm drain improvements and paying the costs of issuing the bonds. The bonds maturing on or prior to September 15, 2011 are not subject to redemption prior to maturity, while those maturing on or after September 15, 2012 are subject to redemption at the election of the City on March 15, 2012 and on any date thereafter. The redemption price is equal to 100 percent of the principal amount plus accrued interest.

On July 1, 2002, the City issued \$4,550,000 in Sales Tax Revenue Bonds (Series 2002B) at rates from 3.00 to 4.50 percent with a final maturity date of September 15, 2023. The bonds were issued to finance costs associated with acquiring, constructing, and equipping a golf course (River Oaks) and park improvements, and paying the costs of issuing the bonds. The bonds maturing on or prior to September 15, 2012 are not subject to redemption prior to maturity, while those maturing on or after September 15, 2012 are subject to redemption

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

at the election of the City on September 15, 2012 and on any date thereafter. The redemption price is equal to 100 percent of the principal amount plus accrued interest.

On August 15, 2003, the City issued \$7,225,000 in Sales Tax Revenue Bonds (Series 2003) at rates from 1.75 to 4.60 percent with a final maturity date of September 15, 2023. The bonds were issued to finance the costs associated with (i) the acquisition of a justice court building, (ii) the refunding of the 1996 Motor Fuel Excise Tax Revenue bonds and the 1994B Lease Revenue bonds and (iii) paying the costs of issuing the bonds. The bonds maturing on or before September 15, 2013, are not subject to optional redemption prior to maturity, while those maturing on or after September 15, 2014 are subject to redemption at the election of the City. The redemption price is equal to 100 percent of the principal amount plus accrued interest.

On November 1, 2004, the City issued \$16,520,000 in Sales Tax and Refunding Bonds (Series 2004) at rates from 3.0 percent to 5.0 percent with a final maturity date of June 15, 2020. The bonds were issued to (i) refund the 1998C and 1999 Municipal Building Authority Lease Revenue Bonds, (ii) finance the costs associated with the acquisition, construction and equipping of road improvements, park improvements and other City-owned capital improvements and (iii) pay costs associated with the issuance of the 2004 Bonds. The 2004 bonds maturing on or after June 15, 2014 are not subject to optional redemption prior to maturity. The 2004 bonds maturing on or after June 15, 2015 are subject to redemption at the option of the City on June 15, 2014, and on any date thereafter prior to maturity at a redemption price equal to 100 percent of the principal amount of the 2004 bonds to be redeemed, plus accrued interest thereon on the redemption date.

Notes Payable

On June 6, 1996, the City issued a \$2,515,000 note, guaranteed by the U.S. Department of Housing and Urban Development (HUD), for the creation of a Senior Citizen's Center. Interest on the note payable is variable, based upon LIBOR plus 0.2 percent. For the purpose of estimating debt service requirements, interest rates between 5.87 and 7.03 percent have been derived. The date of maturity on the note payable is August 1, 2015.

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation benefits. All vacation pay is accrued when incurred in the government-wide funds financial statements. The liability for these amounts is funded in the Payroll Management Fund, an internal service fund, for proprietary funds and governmental funds if they have matured.

Capital Leases

On February 14, 2003, the City entered into a lease agreement as lessee for financing the acquisition of previously purchased golf course equipment at an interest rate of 2.7 percent. A down payment of \$86,000 was

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

required at the inception of the lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 423,058
Less: Accumulated depreciation	(166,762)
Total	<u>\$ 256,296</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

<u>Year Ending June 30</u>	Governmental Activities
2007	<u>\$ 92,236</u>
Total minimum lease payments	92,236
Less: amount representing interest	(2,424)
Present value of minimum lease payments	<u>\$ 89,812</u>

Contracts Payable

During fiscal year 2005, the City acquired preferential water rights for water produced from the Ontario Drain Tunnel through MWDSLS. MWDSLS issued \$81,750,000 in Series 2005 A & B Water Revenue Bonds bearing interest rates from 3.0 percent to 5.0 percent. The City will pay 16.92 percent of this debt to MWDSLS over 27 years (the life of the debt).

During fiscal year 2006, the City began paying MWDSLS for property purchased by MWDSLS on the City's behalf. This land will be used for the future 2000 East corridor. The City will pay a total of \$2,516,267 over five equal payments, along with interest calculated at 5 percent per year. Additional information concerning committed payments to MWDSLS can be found in note 18 - Commitments and Contingencies.

Defeasance of Debt

During fiscal year 2004, the City issued \$7,225,000 in Sales Tax Revenue and Refunding Bonds. \$3,160,000 of the proceeds were used to advance refund \$1,080,000 of the outstanding 1994B Lease Revenue Bonds and \$3,410,000 of the 1996 Motor Fuel Excise Tax Revenue Bonds. At June 30, 2006, the balance of bonds which were considered extinguished was \$325,000.

During fiscal year 2004, the City issued \$9,965,000 in Water Revenue and Refunding Bonds. \$3,890,000 of the proceeds were used to advance refund \$5,975,000 of the outstanding 1993A Water Revenue Refunding Bonds. As of June 30, 2006, the balance of bonds which were considered extinguished was \$3,155,000.

During fiscal year 2005, the City issued \$16,520,000 in Sales Tax Revenue and Refunding Bonds. \$14,990,000 of the proceeds were placed in an irrevocable trust to advance refund \$7,150,000 of the 1998C

SANDY CITY
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JUNE 30, 2006

MBA Lease Revenue Bonds and \$8,545,000 of the 1999 MBA Lease Revenue Bonds. At June 30, 2006, the balance of bonds which were considered extinguished was \$14,500,000.

Note 13 - Industrial Development Revenue Bonds

The City has issued industrial development revenue bonds for the benefit of various developers to aid in building a commercial base within Sandy City limits. Principal and interest payments of such industrial development revenue bonds are to be made entirely by the various developers. The City will not become liable for these bonds even if developers can no longer make the payments. Consequently, the following bonds and their related interest are not shown as a liability in the accompanying financial statements:

Description of Industrial Revenue Bonds Issued	Year Issued	Maturity Date	Original Amount	Total Retired	Outstanding at 6/30/06
Boyer 106 th S. Associates Project	1985	12/01/06	\$ 4,000,000	\$ 3,165,000	\$ 835,000
DREE Project	1985	11/15/10	8,770,000	4,845,000	3,925,000
South Towne Hotel Associates Project	1985	11/20/10	9,350,000	5,400,000	3,950,000
H. Shirl Wright Project	1986	12/15/16	9,000,000	4,100,000	4,900,000
Total Industrial Revenue Bonds Issued for Developers			\$ 31,120,000	\$17,510,000	\$ 13,610,000

Note 14 - Pension Plans

Plan Description

The State of Utah requires all agencies with public employees to contribute to Utah State Retirement Systems (USRS). Based upon the type of public employee and their retirement elections, the City contributes to various plans within the USRS: the Local Governmental Contributory Retirement System, the Local Governmental Non-Contributory Retirement System, the Public Safety Retirement System for employers without Social Security coverage, the Firefighters Retirement System which is for employers without Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the USRS. USRS provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended which also establishes the Utah State Retirement Office. Chapter 49 places the Systems, the Office and related plan and programs under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

includes financial statements and required supplementary information for the systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-753-7361.

Funding Policy

Plan members in the Local Government Contributory Retirement System are required to contribute based upon participating employees' annual salaries. The contribution rates in effect from July 1, 2005 through June 30, 2006 are as follows:

	Employee Paid	Employee Contributions Paid by City (100% Vested)	City's Matching Contributions	Total Contribution
Local Government Contributory Retirement System	N/A	6.00 %	7.08 %	13.08 %
Local Government Non-Contributory Retirement System	N/A	N/A	11.09	11.09
Public Safety Retirement System for employers Without Social Security coverage	4.90 %	5.60	12.47	22.97
Firefighters' Retirement System for employers Without Social Security coverage	N/A	7.83	N/A	7.83

The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Trend Information

The following contributions have been made in the past three years and were equal to the required contributions for each fiscal year ending on June 30th:

	2004	2005	2006
Local Governmental Contributory Retirement System	\$ 115,531	\$ 117,070	\$ 122,170
Local Governmental Non-Contributory Retirement System	929,319	1,114,612	1,210,193
Public Safety Retirement System for employers without Social Security coverage	945,469	1,101,096	1,114,075
Firefighters Retirement System for employers without Social Security coverage	267,492	273,708	285,081
Total	\$ 2,257,811	\$ 2,606,486	\$ 2,731,519

Note 15 - Deferred Compensation Plans

The City offers its employees a 457 deferred compensation plan and 401(K) defined contribution tax-sheltered annuity plan. Both plans are provided for within the Internal Revenue Code. The plans, assets, and associated liabilities are administered by external agencies: ICMA Retirement Corporation and Utah State Retirement Systems (USRS). The plans, available to all City employees, permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All ownership and associated interest of the plan is held solely for the benefit of the employees. As a result, the City does not carry the assets or associated liabilities in the City's financial statements.

The City contributes to a 401(K) plan for and on behalf of its public employees, elected and appointed officials, City Council members, temporary, and seasonal employees. The City Council authorizes a percentage based upon an employees base wage to be contributed into deferred compensation plans: 17.95% for full-time employees, 8.05% for council members, and 7.50% for temporary and seasonal employees. As noted previously, the USRS deferred compensation rate is actuarially determined by the State depending upon the employee classification. The required contribution rates to the 401(K) plan equals the City Council authorized amount less the USRS mandated rate and are as follows: Public Employees covered under the Non-Contributory State Retirement 6.86%, Public Employees covered under the Contributory State Retirement 4.87%, Elected/Appointed Officials 17.95%, Firefighters 10.12%, and City Council members 8.05%. Because the deferred compensation rate for the Public Safety Retirement System exceeds 17.95%, the City does not pay into the 401(k) plan for police officers. The required contribution rate to the 457 plan on behalf of temporary and seasonal employees is 7.5%. The City's total contributions were \$1,680,591 which is 7.1% of the \$23,666,060 in total payroll for covered employees for the year ended June 30, 2006. The City's and employee's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. In addition, all employees are eligible to participate in an elective deferral plan which permits them

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

to defer a portion of their salary until future years. The total contributions made by the employees were \$1,075,357 for the year ended June 30, 2006. At June 30, 2006 the City has made all payments to the plan administrator to satisfy this funding requirement.

Note 16 - Post Employment Benefits

The City allows terminated or retired employees to continue their health insurance benefits for a period of 18 months after the employee's termination or retirement date. The City will pay up to two months of these premiums for an employee and their plan dependents in the event that (1) a current full or part time employee dies, or (2) a full or part time employee is approved for disability due to their diagnosis as terminally ill. All other terminated or retired employees are required to pay the full cost of such extended health insurance coverage. As of June 30, 2006, 6 employees had elected to participate in this post-employment benefit program. The administrative costs to the City of such benefits were not significant for the year ended June 30, 2006.

Note 17 - Vacation and Sick Leave

The City permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements.

Employees can accrue vacation days at various rates depending upon length of service. There are no requirements that vacation leave be taken, but the maximum permissible accumulation is 320 hours except for firefighters who can accumulate 480 hours. At termination, employees are paid for any unused accumulated vacation leave.

The Payroll Management Fund, an internal service fund, contains the City's entire compensated absences liability except for the long-term liability portion of the General Fund. The long-term liability portion in the General Fund is considered to be any amount in excess of what an employee can accrue in one year. As of June 30, 2006, this unfunded amount is \$923,270.

Employees earn sick leave at the rate of 12 days per year. Unused sick leave may be carried forward to subsequent years until a maximum of 480 hours is accumulated.

Note 18 - Commitments and Contingencies

The City is a defendant in various claims and suits arising from the ordinary course of business. The City's legal counsel believes that it has meritorious defenses and that any liability resulting from these matters would not be material. Accordingly, no provision for loss related to litigation has been made in the accompanying financial statements.

Commitments for major construction and capital improvements projects totaled \$4,711,837 at June 30, 2006.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The Sandy City Redevelopment Agency (RDA), a governmental-type fund, has two outstanding commitments for payment of tax increment to Jordan School District and the Salt Lake County Sewer District. The following is a schedule of estimated future payments to both of these entities as of June 30, 2006. Estimates are based on 2006 property tax rates and values:

	RDA Fund
2007	\$ 86,106
2008	86,106
2009	86,106
2010	86,106
2011	86,106
2012-2016	399,960
2017-2021	129,915
Total	<u>\$ 960,405</u>

In 1999, the City agreed to pay the Macerich Company \$230,000 per year for ten years as a tax increment refund for the Dillard's department store at South Towne Center. As of June 30, 2006, two payments remain totaling \$460,000. These payments are made out of the RDA fund.

The Public Utilities department (an enterprise fund) currently has a long-term commitment payable to MWDSLS for various capital improvements. The following is a schedule of future payments due to MWDSLS for capital improvements as of June 30, 2006:

	Water Fund
2007	4,210,322
2008	4,210,322
2009	4,210,322
2010	4,210,322
2011-2015	21,051,610
2016-2020	21,051,610
2021-2025	21,051,610
2026-2030	21,051,610
2031-2035	16,841,629
Total	<u>\$ 117,889,357</u>

The Public Works department has a long-term commitment payable to MWDSLS for land purchased on behalf of the City for the future 2000 East corridor. The following is a schedule of future principal payments due to MWDSLS for these land purchases:

	Capital Projects
2007	503,253
2008	503,253
2009	503,254
2010	503,254
Total	<u>\$ 2,013,014</u>

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant operations are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed to be material.

Note 19 - Transfers In/Out

During the course of normal operations, the City has transfers between the various funds. The principal purposes of the City's interfund transfers are debt service and capital projects. Transfers in and out for the year ended June 30, 2006 are summarized as follows:

Transfers Out From :						
	General	Redevelopment Agency	Community Development	Storm Water Utilities	Capital Projects	Total Transfers In
Transfers in to the following funds:						
General	\$ -0-	\$ 40,000	\$ -0-	\$ -0-	\$ -0-	\$ 40,000
Community Arts	332,750	-0-	-0-	-0-	-0-	332,750
Amphitheater	107,800	-0-	-0-	-0-	-0-	107,800
Recreation	222,997	-0-	-0-	-0-	-0-	222,997
Electric Utilities	596,121	-0-	-0-	-0-	-0-	596,121
Storm Water	-0-	40,000	-0-	-0-	-0-	40,000
Debt Service	1,548,574	2,017,052	235,999	928,928	986,083	5,716,636
Capital Projects	5,029,135	-0-	-0-	-0-	-0-	5,029,135
Golf	-0-	150,000	-0-	-0-	-0-	150,000
Total Transfers Out	\$ 7,837,377	\$ 2,247,052	\$ 235,999	\$ 928,928	\$ 986,083	\$ 12,235,439

Note 20 - General Fund Administrative Charges

The General Fund charges certain special revenue funds and proprietary funds for various administrative services. These transactions have been recorded as revenue and expenses or expenditures to the funds as if they

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

involved organizations external to the City. The amounts charged to those funds during fiscal year 2006 are as follows:

	General <u>Government</u>	Public Works <u>Administration</u>	<u>Total</u>
Special Revenue Funds:			
Redevelopment Agency	\$ 74,683	\$ 1,751	\$ 76,434
Storm Water Utilities	116,388	-0-	116,388
Enterprise Funds:			
Alta Canyon Sports Center	61,295	-0-	61,295
Water	786,910	-0-	786,910
Waste Collection	181,889	52,751	234,640
Golf	36,686	-0-	36,686
Internal Service Funds:			
Fleet Operations	108,098	31,845	139,943
Information Services	<u>68,424</u>	<u>-0-</u>	<u>68,424</u>
Total	<u>\$1,434,373</u>	<u>\$ 86,347</u>	<u>\$ 1,520,720</u>

Note 21 - Risk Management

The City is exposed to various risks of loss including torts; workers compensation claims; theft of, damage to or destruction of assets; errors and omissions; and natural disasters. Insurance coverages for these risks were provided by several commercial insurance carriers. The general liability policy has a \$2,000,000 self insured retention with a \$10,000,000 limit per occurrence. Workers compensation claims are covered by the Workers Compensation Fund. The City commercially insures real property and also insures fleet equipment with individual values in excess of \$40,000 and self-insures all other fleet equipment. For the last 3 years, claim settlements have not exceeded insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been Incurred But Not Reported (IBNR). The liability for claims and judgements is reported in the Insurance & Risk Management Fund and has been expensed in the current period. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended <u>June 30, 2006</u>	Year Ended <u>June 30, 2005</u>
Unpaid Claims, Beginning of Fiscal Year	\$511,786	\$ 556,122
Incurred Claims & Changes in Estimates (Including IBNR's)	281,555	104,217
Claims Payments	<u>(131,229)</u>	<u>(148,553)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 662,112</u>	<u>\$ 511,786</u>

The City estimates that \$165,000 of the \$662,112 unpaid claims that will be paid in the next fiscal year.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 22 - Sandy City Redevelopment Agency

For the year ending June 30, 2006 the following activity occurred in the City's Redevelopment Agency:
Tax increment collected by the Agency for each project area:

South Towne	\$ 1,483,126
Civic Center South	1,172,638
Civic Center North	1,100,807
South Towne Ridge Road	<u>650,000</u>
	<u>\$ 4,406,571</u>

Tax increment paid to other taxing agencies	\$43,305
Outstanding loans which financed RDA projects	\$11,520,000
Amounts expended for:	
Installation of public utilities or other public improvements	\$1,877,064
Administrative costs	\$306,050

Note 23 - Related Party Transactions

During the year ended June 30, 2006, the City made the following payments to MWDSLS, which is a related entity:

- A capital assessment of \$3,859,462 for capital improvements to be conducted by MWDSLS;
- \$863,193 for water rights to the Ontario Drain Tunnel water;
- \$624,715 for the 2000 East Corridor purchase agreement; and
- \$2,844,534 for water purchases.

Note 24 - Subsequent Event Disclosure

On July 1, 2006, the City took over management and operations of the Sandy Arts Guild, a 501(c)(3) organization. The Amphitheater will also be accounted for as a 501(c)(3) organization beginning on this date.

On November 13, 2006, the City-owned parking structure was sold. Consideration equaled the outstanding amount of the bond (2002A Parking Facility), which has been extinguished.

Required Supplementary Information

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SANDY CITY

Roadway System Condition and Maintenance

Modified Approach for Infrastructure

June 30, 2006

The condition of the road pavement is measured using the Stantec Pavement Management Application (PMA), which is based on a weighted average of nine distress factors found in pavement surfaces (cracking, raveling, chuck holes, patching, edge cracking, rutting/shoving, bleeding, excessive crown, and distortion). The PMA uses a measurement scale based on a condition index ranging from 0 to 10 for pavement in perfect condition. The condition index is used to classify roads in good or better condition (6.5 - 10), fair condition (4.0 - 6.4), and substandard condition (less than 4.0). The City's policy is to maintain at least 80 percent of its street system at a good or better condition and have no more than 10 percent in a substandard condition. Condition assessments are determined every year.

During fiscal year 2004, the City gathered more detailed information on drive approaches and water ways than had been gathered in fiscal year 2003. This allowed the City to more accurately assess the overall concrete condition for each address within Sandy City. For fiscal year 2003, concrete condition, including drive approach and waterway condition, was estimated based on the number of simple concrete hazards at each address without accounting for the severity of each hazard. Therefore, fiscal year 2003 data produced conditions that were artificially worse than they really were. Conversely, accurate field evaluations were made during fiscal year 2004 to determine not only the number, but the severity, of each concrete hazard. This resulted in a significant decrease in substandard condition percentages in fiscal year 2004 over fiscal year 2003. A corresponding increase in good or better condition percentages also occurred.

Condition Rating of the City's Roadway System

	Percentage of Roadway System in Good or Better Condition				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Arterials	91.3%	90.8%	93.0%	91.6%	78.4%
Collectors	92.3%	91.6%	91.7%	88.3%	85.3%
Secondary	85.8%	86.8%	88.1%	88.1%	87.7%
Overall System	88.1%	88.5%	89.7%	88.6%	85.8%

	Percentage of Roadway System in Substandard Condition				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Arterials	0.3%	0.3%	0.3%	0.4%	6.3%
Collectors	0.5%	0.5%	0.4%	2.6%	2.8%
Secondary	0.8%	0.8%	0.6%	4.7%	4.1%
Overall System	0.7%	0.6%	0.5%	3.5%	4.1%

	Comparison of Needed to Actual Maintenance/Preservation				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Arterials					
Needed	3,842,128	3,585,103	3,496,732	3,369,917	3,418,650
Actual	3,384,297	3,253,349	3,492,674	3,283,548	2,928,267
Collectors					
Needed	768,426	717,021	699,346	673,983	683,730
Actual	676,859	650,670	698,535	656,709	585,653
Secondary					
Needed	878,200	819,451	799,254	770,267	781,406
Actual	773,554	743,623	798,325	750,525	669,318
Overall System					
Needed	5,488,754	5,121,575	4,995,332	4,814,167	4,883,786
Actual	4,834,710	4,647,642	4,989,534	4,690,782	4,183,238
	(654,044)	(473,933)	(5,798)	(123,385)	(700,548)

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Supplementary Information

SANDY CITY**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Governmental Funds****For the Year Ended June 30, 2006****With Comparative Totals for 2005**

	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Fund	Total Governmental Funds	
						2006	2005
Revenues:							
Taxes:							
General Property Taxes	\$ 7,075,103	\$ -0-	\$ 283,300	\$ -0-	\$ 4,406,571	\$ 11,764,974	\$ 11,363,638
General Sales & Use Taxes	17,681,709	-0-	-0-	-0-	-0-	17,681,709	15,857,517
Franchise Taxes	6,600,373	-0-	-0-	-0-	-0-	6,600,373	6,284,131
Motor Vehicle Fee	825,617	-0-	-0-	-0-	-0-	825,617	818,905
Total Taxes	32,182,802	-0-	283,300	-0-	4,406,571	36,872,673	34,324,191
Special Assessments	-0-	-0-	904,549	-0-	380	904,929	988,511
Innkeeper Fees	-0-	-0-	231,569	-0-	-0-	231,569	194,291
Licenses & Permits	2,571,942	-0-	-0-	-0-	-0-	2,571,942	2,011,739
Inter-Governmental Revenue	3,768,504	-0-	-0-	881,499	552,112	5,202,115	3,974,374
Charges for Services	1,911,079	-0-	267,509	467	-0-	2,179,055	2,121,728
Administrative Charges	1,520,720	-0-	-0-	-0-	-0-	1,520,720	1,344,587
Fines & Forfeitures	2,448,257	-0-	-0-	167,656	-0-	2,615,913	2,587,126
Cell Tower Lease	160,432	-0-	-0-	-0-	-0-	160,432	153,555
Fees from Developers	-0-	730,284	129,066	1,209,826	-0-	2,069,176	611,407
Charges for Sales & Services	-0-	2,822,593	-0-	-0-	651,568	3,474,161	3,785,750
Interest Income	266,104	283,078	117,646	539,634	265,993	1,472,455	709,067
Miscellaneous Revenues	23,140	586	-0-	1,305,956	802,546	2,132,228	1,555,347
Total Revenues	44,852,980	3,836,541	1,933,639	4,105,038	6,679,170	61,407,368	54,361,673
Expenditures:							
Salaries and Benefits	26,108,753	516,201	-0-	-0-	1,201,521	27,826,475	26,216,169
Materials & Supplies	3,535,643	133,144	-0-	-0-	820,711	4,489,498	5,004,349
Contracted Services	1,319,062	115,153	-0-	-0-	362,236	1,796,451	1,668,393
Internal Charges	3,474,696	284,006	-0-	-0-	230,633	3,989,335	3,774,555
Administrative Charges	-0-	46,555	-0-	-0-	76,434	122,989	97,539
Cost of Goods Sold	-0-	2,812	-0-	-0-	490,308	493,120	871,877
Bond Issuance Cost and Trustee Fees	-0-	-0-	76,540	-0-	9,217	85,757	1,376,816
Capital Outlays	1,880,863	2,533,636	-0-	5,491,723	2,446,148	12,352,370	6,049,162
Principal	-0-	-0-	5,428,253	-0-	-0-	5,428,253	5,000,000
Interest on Long-Term Debt	-0-	-0-	2,120,693	-0-	-0-	2,120,693	2,234,858
Total Expenditures	36,319,017	3,631,507	7,625,486	5,491,723	5,637,208	58,704,941	52,293,718
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,533,963	205,034	(5,691,847)	(1,386,685)	1,041,962	2,702,427	2,067,955
Other Financing Sources (Uses):							
Issuance of Debt	-0-	-0-	3,650,000	-0-	-0-	3,650,000	16,520,000
Bond Premium	-0-	-0-	90,798	-0-	-0-	90,798	857,599
Redemption of Refunded Bonds	-0-	-0-	(3,670,000)	-0-	-0-	(3,670,000)	(15,695,000)
Sale of Capital Assets	5,610	99,365	-0-	-0-	-0-	104,975	12,231
Transfers In	40,000	40,000	5,716,636	5,029,135	1,259,668	12,085,439	10,295,916
Transfers Out	(7,837,377)	(928,928)	-0-	(986,083)	(2,483,051)	(12,235,439)	(10,445,916)
Total Other Financing Sources (Uses)	(7,791,767)	(789,563)	5,787,434	4,043,052	(1,223,383)	25,773	1,544,830
Net Change in Fund Balances	742,196	(584,529)	95,587	2,656,367	(181,421)	2,728,200	3,612,785
Beginning Fund Balances	4,154,891	6,896,939	2,835,159	14,446,308	4,801,871	33,135,168	29,522,383
Ending Fund Balances	\$ 4,897,087	\$ 6,312,410	\$ 2,930,746	\$ 17,102,675	\$ 4,620,450	\$ 35,863,368	\$ 33,135,168

SANDY CITY

Debt Service

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 278,200	\$ 278,200	\$ 283,300	\$ 5,100
Special Assessments	905,031	905,031	904,549	(482)
Innkeeper Fees	196,000	196,000	231,569	35,569
Charges for Services	269,758	269,758	267,509	(2,249)
Fees from Developers	-0-	55,000	129,066	74,066
Interest Income	70,914	71,738	117,646	45,908
Total Revenues	1,719,903	1,775,727	1,933,639	157,912
Expenditures:				
Principal	5,515,703	9,185,703	9,098,253	87,450
Interest on Long-Term Debt	2,154,446	2,125,770	2,120,693	5,077
Bond Issuance Cost and Trustee Fees	15,088	78,000	76,540	1,460
Total Expenditures	7,685,237	11,389,473	11,295,486	93,987
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,965,334)	(9,613,746)	(9,361,847)	251,899
Other Financing Sources (Uses):				
Issuance of Debt	-0-	3,740,798	3,740,798	-0-
Transfers In	5,978,108	5,897,374	5,716,636	(180,738)
Total Other Financing Sources (Uses)	5,978,108	9,638,172	9,457,434	(180,738)
Net Change in Fund Balances	12,774	24,426	95,587	71,161
Beginning Fund Balances	2,835,159	2,835,159	2,835,159	-0-
Ending Fund Balances	\$ 2,847,933	\$ 2,859,585	\$ 2,930,746	\$ 71,161

SANDY CITY

Capital Projects

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Inter-Governmental Revenue	\$ 3,504,499	\$ 3,754,499	\$ 881,499	\$ (2,873,000)
Charges for Services	-0-	-0-	467	467
Fines & Forfeitures	175,000	175,000	167,656	(7,344)
Fees from Developers	263,000	399,000	1,209,826	810,826
Interest Income	239,383	243,283	539,634	296,351
Miscellaneous Revenues	-0-	1,300,000	1,305,956	5,956
Total Revenues	4,181,882	5,871,782	4,105,038	(1,766,744)
Expenditures:				
Capital Outlays	399,873	399,873	-0-	399,873
Land	1,658,449	1,658,449	787,563	870,886
Buildings	2,124,986	2,865,620	1,050,432	1,815,188
Roads	4,159,018	4,187,209	1,818,099	2,369,110
Parks	5,825,245	7,503,872	1,319,604	6,184,268
Miscellaneous	1,902,175	1,902,175	516,025	1,386,150
Total Expenditures	16,069,746	18,517,198	5,491,723	13,025,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,887,864)	(12,645,416)	(1,386,685)	11,258,731
Other Financing Sources :				
Transfers In	313,332	424,066	5,029,135	4,605,069
Transfers Out	(986,083)	(986,083)	(986,083)	-0-
Total Other Financing Sources	(672,751)	(562,017)	4,043,052	4,605,069
Net Change in Fund Balances	(12,560,615)	(13,207,433)	2,656,367	15,863,800
Beginning Fund Balances	14,446,308	14,446,308	14,446,308	-0-
Ending Fund Balances	\$ 1,885,693	\$ 1,238,875	\$ 17,102,675	\$ 15,863,800

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Redevelopment Agency (RDA) - This fund is used to account for the tax increment revenues and the tax increment bond proceeds that are legally restricted for expenditures in the Sandy Redevelopment Agency project area.

Landscape Maintenance - This fund is used to account for the service-type special assessments legally restricted for operation and maintenance of streetscapes.

Community Development Block Grant (CDBG) - This fund is used to account for the revenues received by the City as grantee participant in the Community Development Block Grant program.

Recreation - This fund is used to account for the City's recreation activities.

Community Arts - The City elects to sponsor certain performing arts, programs and special events. This fund is used to account for the revenue and expenditures associated with these events.

Amphitheater - The City arranges for concerts, programs, and special events to be performed within our amphitheater for the enjoyment of our citizens. This fund is used to account for the revenue and expenditures associated with these events.

Electric Utilities - This fund is used to account for the operation of the City's electric utility.

Sandy City Donations - This fund was established to account for individual, private, and intergovernmental contributions held in trust by the City.

SANDY CITY**Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2006****With Comparative Totals for 2005**

	RDA	Landscape Maintenance	CDBG	Recreation	Community Arts
<u>ASSETS</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 2,181,034	\$ 187,707	\$ -0-	\$ 286,968	\$ 103,037
Receivables	-0-	-0-	-0-	-0-	-0-
Due from other Govt. Units	-0-	-0-	10,086	-0-	-0-
Due From Other Funds	177,566	-0-	-0-	-0-	-0-
Prepaid Assets	-0-	-0-	-0-	-0-	-0-
Total Assets	2,358,600	187,707	10,086	286,968	103,037
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	241,331	-0-	1,483	8,557	6,888
Salaries & Benefits Payable	23,377	-0-	5,417	24,961	16,120
Due to Other Govt. Units	-0-	-0-	-0-	-0-	-0-
Due to Other Funds	-0-	-0-	3,186	-0-	-0-
Deposits	-0-	-0-	-0-	-0-	-0-
Total Liabilities	264,708	-0-	10,086	33,518	23,008
Unreserved Fund Balances	2,093,892	187,707	-0-	253,450	80,029
Total Liabilities and Fund Balance	\$ 2,358,600	\$ 187,707	\$ 10,086	\$ 286,968	\$ 103,037

	Amphitheater	Electric Utility	Sandy City Donations	TOTALS	
				2006	2005
<u>ASSETS</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 313,631	\$ 1,333,353	\$ 425,042	\$ 4,830,772	\$ 5,130,300
Receivables	-0-	4,066	-0-	4,066	8,019
Due from other Govt. Units	-0-	-0-	51,850	61,936	131,105
Due From Other Funds	-0-	-0-	-0-	177,566	191,695
Prepaid Assets	-0-	-0-	-0-	-0-	34,098
Total Assets	313,631	1,337,419	476,892	5,074,340	5,495,217
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	10,739	63,284	23,833	356,115	612,564
Salaries & Benefits Payable	7,611	7,257	-0-	84,743	52,443
Due to Other Govt. Units	1,846	-0-	-0-	1,846	1,943
Due to Other Funds	-0-	-0-	-0-	3,186	-0-
Deposits	-0-	-0-	8,000	8,000	26,396
Total Liabilities	20,196	70,541	31,833	453,890	693,346
Unreserved Fund Balances	293,435	1,266,878	445,059	4,620,450	4,801,871
Total Liabilities and Fund Balance	\$ 313,631	\$ 1,337,419	\$ 476,892	\$ 5,074,340	\$ 5,495,217

SANDY CITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Nonmajor Governmental Funds

For the Year Ended June 30, 2006

With Comparative Totals for 2005

	RDA	Landscape Maintenance	CDBG	Recreation	Community Arts
Revenues:					
Taxes	\$ 4,406,571	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Special Assessments	-0-	380	-0-	-0-	-0-
Inter-Governmental Revenue	-0-	-0-	487,410	-0-	-0-
Charges for Sales & Services	-0-	-0-	-0-	587,438	-0-
Interest Income	150,287	9,433	-0-	12,034	9,413
Miscellaneous Revenues	-0-	-0-	-0-	-0-	12,914
Total Revenues	4,556,858	9,813	487,410	599,472	22,327
Expenditures:					
General Government	-0-	-0-	-0-	-0-	-0-
Police & Animal Control	-0-	-0-	-0-	-0-	-0-
Fire	-0-	-0-	-0-	-0-	-0-
Public Works	-0-	-0-	-0-	-0-	-0-
Parks, Landscapes and Cemetery	-0-	33,103	-0-	-0-	-0-
Community Development	-0-	-0-	251,411	-0-	-0-
Economic Development	2,505,894	-0-	-0-	-0-	-0-
Recreation and Cultural Events	-0-	-0-	-0-	795,410	332,237
Electric Utility	-0-	-0-	-0-	-0-	-0-
Capital Outlay	-0-	-0-	-0-	-0-	-0-
Other Capital Outlays	-0-	-0-	-0-	-0-	-0-
Total Expenditures	2,505,894	33,103	251,411	795,410	332,237
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,050,964	(23,290)	235,999	(195,938)	(309,910)
Other Financing Sources (Uses):					
Transfers In	-0-	-0-	-0-	222,997	332,750
Transfers Out	(2,247,052)	-0-	(235,999)	-0-	-0-
Total Other Financing Sources (Uses)	(2,247,052)	-0-	(235,999)	222,997	332,750
Net Change in Fund Balances	(196,088)	(23,290)	-0-	27,059	22,840
Beginning Fund Balances	2,289,980	210,997	-0-	226,391	57,189
Ending Fund Balances	\$ 2,093,892	\$ 187,707	\$ -0-	\$ 253,450	\$ 80,029

				Total Non-Major Governmental Funds	
	Amphitheater	Electric Utility	Sandy City Donations	2006	2005
Revenues:					
Taxes	\$ -0-	\$ -0-	\$ -0-	\$ 4,406,571	\$ 3,999,295
Special Assessments	-0-	-0-	-0-	380	1,550
Inter-Governmental Revenue	-0-	-0-	64,702	552,112	454,066
Charges for Sales & Services	11,088	53,042	-0-	651,568	874,382
Interest Income	11,341	53,609	19,876	265,993	129,125
Miscellaneous Revenues	332,632	-0-	457,000	802,546	1,415,045
Total Revenues	355,061	106,651	541,578	6,679,170	6,873,463
Expenditures:					
General Government	-0-	-0-	38,242	38,242	27,177
Police & Animal Control	-0-	-0-	419,308	419,308	1,052,746
Fire	-0-	-0-	89,453	89,453	115,260
Public Works	-0-	-0-	-0-	-0-	294
Parks, Landscapes and Cemetery	-0-	-0-	10,263	43,366	32,971
Community Development	-0-	-0-	6,366	257,777	218,070
Economic Development	-0-	-0-	-0-	2,505,894	1,342,373
Recreation and Cultural Events	385,786	-0-	851	1,514,284	1,483,375
Electric Utility	-0-	627,597	-0-	627,597	568,783
Capital Outlay	-0-	141,287	-0-	141,287	119,994
Other Capital Outlays	-0-	-0-	-0-	-0-	10,290
Total Expenditures	385,786	768,884	564,483	5,637,208	4,971,333
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,725)	(662,233)	(22,905)	1,041,962	1,902,130
Other Financing Sources (Uses):					
Transfers In	107,800	596,121	-0-	1,259,668	1,184,931
Transfers Out	-0-	-0-	-0-	(2,483,051)	(1,727,540)
Total Other Financing Sources (Uses)	107,800	596,121	-0-	(1,223,383)	(542,609)
Net Change in Fund Balances	77,075	(66,112)	(22,905)	(181,421)	1,359,521
Beginning Fund Balances	216,360	1,332,990	467,964	4,801,871	3,442,350
Ending Fund Balances	\$ 293,435	\$ 1,266,878	\$ 445,059	\$ 4,620,450	\$ 4,801,871

SANDY CITY**Redevelopment Agency (RDA)****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
General Property Taxes	\$ 5,690,867	\$ 4,406,571	\$ (1,284,296)
Interest Income	-0-	150,287	150,287
Total Revenues	<u>5,690,867</u>	<u>4,556,858</u>	<u>(1,134,009)</u>
Expenditures:			
Salaries and Benefits	285,364	279,641	5,723
Materials & Supplies	45,759	26,409	19,350
Contracted Services	287,087	216,144	70,943
Internal Charges	20,984	20,985	(1)
Administrative Charges	76,434	76,434	-0-
Bond Issuance Cost and Trustee Fees	-0-	9,217	(9,217)
Capital Outlays	<u>5,015,580</u>	<u>1,877,064</u>	<u>3,138,516</u>
Total Expenditures	<u>5,731,208</u>	<u>2,505,894</u>	<u>3,225,314</u>
Excess of Revenues Over Expenditures	<u>(40,341)</u>	<u>2,050,964</u>	<u>2,091,305</u>
Transfers Out	<u>(2,249,639)</u>	<u>(2,247,052)</u>	<u>2,587</u>
Net Change in Fund Balances	<u>(2,289,980)</u>	<u>(196,088)</u>	<u>2,093,892</u>
Beginning Fund Balances	<u>2,289,980</u>	<u>2,289,980</u>	<u>-0-</u>
Ending Fund Balances	<u><u>\$ -0-</u></u>	<u><u>\$ 2,093,892</u></u>	<u><u>\$ 2,093,892</u></u>

SANDY CITY

Landscape Maintenance

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 7,437	\$ 380	\$ (7,057)
Inter-Governmental Revenue	-0-	-0-	-0-
Interest Income	4,000	9,433	5,433
Total Revenues	11,437	9,813	(1,624)
Expenditures:			
Capital Outlays	213,437	33,103	180,334
Net Change in Fund Balances	(202,000)	(23,290)	178,710
Beginning Fund Balances	210,997	210,997	-0-
Ending Fund Balances	\$ 8,997	\$ 187,707	\$ 178,710

SANDY CITY

Community Development Block Grant (CDBG)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Inter-Governmental Revenue	\$ 533,075	\$ 487,410	\$ (45,665)
Expenditures:			
Salaries and Benefits	69,733	75,837	(6,104)
Materials & Supplies	219,754	155,605	64,149
Internal Charges	4,719	4,719	-0-
Capital Outlays	140,588	15,250	125,338
Total Expenditures	434,794	251,411	183,383
Excess of Revenues Over Expenditures	98,281	235,999	137,718
Transfers Out	(235,999)	(235,999)	-0-
Net Change in Fund Balances	(137,718)	-0-	137,718
Beginning Fund Balances	-0-	-0-	-0-
Ending Fund Balances	\$ (137,718)	\$ -0-	\$ 137,718

SANDY CITY

Recreation

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Sales & Services	\$ 584,614	\$ 587,438	\$ 2,824
Interest Income	4,000	12,034	8,034
Total Revenues	588,614	599,472	10,858
Expenditures:			
Salaries and Benefits	393,004	423,151	(30,147)
Materials & Supplies	44,448	29,466	14,982
Contracted Services	2,500	3,357	(857)
Internal Charges	19,321	19,321	-0-
Cost of Goods Sold	327,674	316,007	11,667
Capital Outlays	26,316	4,108	22,208
Total Expenditures	813,263	795,410	17,853
Excess (Deficiency) of Revenues Over (Under) Expenditures	(224,649)	(195,938)	28,711
Other Financing Sources:			
Transfers In	222,997	222,997	-0-
Net Change in Fund Balances	(1,652)	27,059	28,711
Beginning Fund Balances	226,391	226,391	-0-
Ending Fund Balances	\$ 224,739	\$ 253,450	\$ 28,711

SANDY CITY

Community Arts

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Interest Income	\$ 3,500	\$ 9,413	\$ 5,913
Miscellaneous Revenues	5,000	12,914	7,914
Total Revenues	8,500	22,327	13,827
Expenditures:			
Salaries and Benefits	161,244	176,271	(15,027)
Materials & Supplies	170,896	134,966	35,930
Internal Charges	14,110	14,110	-0-
Capital Outlays	7,000	6,890	110
Total Expenditures	353,250	332,237	21,013
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344,750)	(309,910)	34,840
Other Financing Sources :			
Transfers In	332,750	332,750	-0-
Net Change in Fund Balances	(12,000)	22,840	34,840
Beginning Fund Balances	57,189	57,189	-0-
Ending Fund Balances	\$ 45,189	\$ 80,029	\$ 34,840

SANDY CITY**Amphitheater****Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Charges for Sales & Services	\$ -0-	\$ 5,000	\$ 11,088	\$ 6,088
Interest Income	3,000	3,000	11,341	8,341
Miscellaneous Revenues	296,500	306,500	332,632	26,132
Total Revenues	299,500	314,500	355,061	40,561
Expenditures:				
Salaries and Benefits	56,880	61,880	53,091	8,789
Materials & Supplies	53,665	58,665	60,611	(1,946)
Contracted Services	174,300	174,300	142,195	32,105
Internal Charges	4,978	4,978	4,978	-0-
Cost of Goods Sold	-0-	5,000	4,987	13
Bond Issuance Cost and Trustee Fees	2,000	2,000	-0-	2,000
Capital Outlays	119,827	119,827	119,924	(97)
Total Expenditures	411,650	426,650	385,786	40,864
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,150)	(112,150)	(30,725)	81,425
Other Financing Sources:				
Transfers In	107,800	107,800	107,800	-0-
Net Change in Fund Balances	(4,350)	(4,350)	77,075	81,425
Beginning Fund Balances	216,360	216,360	216,360	-0-
Ending Fund Balances	\$ 212,010	\$ 212,010	\$ 293,435	\$ 81,425

SANDY CITY

Electric Utility

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Sales & Services	\$ 60,000	\$ 53,042	\$ (6,958)
Interest Income	-0-	53,609	53,609
Total Revenues	60,000	106,651	46,651
Expenditures:			
Salaries and Benefits	165,184	158,550	6,634
Materials & Supplies	417,418	412,177	5,241
Contracted Services	15,540	540	15,000
Internal Charges	57,979	56,330	1,649
Capital Outlays	980,211	141,287	838,924
Total Expenditures	1,636,332	768,884	867,448
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,576,332)	(662,233)	914,099
Other Financing Sources :			
Transfers In	596,121	596,121	-0-
Net Change in Fund Balances	(980,211)	(66,112)	914,099
Beginning Fund Balances	1,332,990	1,332,990	-0-
Ending Fund Balances	\$ 352,779	\$ 1,266,878	\$ 914,099

SANDY CITY

Sandy City Donations

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Inter-Governmental Revenue	\$ 82,312	\$ 82,312	\$ 64,702	\$ (17,610)
Interest Income	7,000	7,000	19,876	12,876
Miscellaneous Revenues	868,252	1,109,041	457,000	(652,041)
Total Revenues	957,564	1,198,353	541,578	(656,775)
Expenditures:				
Salaries and Benefits	-0-	-0-	34,980	(34,980)
Materials & Supplies	11,800	11,800	1,477	10,323
Internal Charges	110,190	260,190	110,190	150,000
Cost of Goods Sold	655,584	655,584	169,314	486,270
Capital Outlays	439,862	530,651	248,522	282,129
Total Expenditures	1,217,436	1,458,225	564,483	893,742
Net Change in Fund Balances	(259,872)	(259,872)	(22,905)	236,967
Beginning Fund Balances	467,964	467,964	467,964	-0-
Ending Fund Balances	\$ 208,092	\$ 208,092	\$ 445,059	\$ 236,967

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Enterprise Funds

The **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Alta Canyon Sports Center - This fund is used to account for the City's recreational center.

Water - This fund is used to account for the operations of the City's Water Utility.

Waste - This fund is used to account for waste collection services provided by an independent contractor.

Golf - This fund is used to account for the City's golf course.

SANDY CITY

Alta Canyon Sports Center

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Charges for Sales & Services	\$ 589,630	\$ 573,582	\$ (16,048)
Operating Expenses			
Salaries and Benefits	604,142	606,207	(2,065)
Materials & Supplies	141,248	137,079	4,169
Contracted Services	69,225	63,097	6,128
Internal Charges	27,395	27,395	-0-
Administrative Charges	61,295	61,295	-0-
Cost of Goods Sold	41,467	36,463	5,004
Non-Capital Improvements	16,597	8,707	7,890
Depreciation	132,859	132,859	-0-
Total Operating Expenses	1,094,228	1,073,102	21,126
Operating Income (Loss)	(504,598)	(499,520)	5,078
Nonoperating Revenues:			
General Property Taxes	295,600	291,608	(3,992)
Motor Vehicle Fee	36,000	38,424	2,424
Interest Income	2,526	3,674	1,148
Cell Tower Lease	28,076	14,600	(13,476)
Other Income	363	410	47
Total Nonoperating Revenues:	362,565	348,716	(13,849)
Change in Net Assets	(142,033)	(150,804)	(8,771)
Beginning Fund Balances	1,460,253	1,460,253	-0-
Ending Net Assets	\$ 1,318,220	\$ 1,309,449	\$ (8,771)

SANDY CITY

Water

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Sales & Services	\$ 16,355,407	\$ 16,355,407	\$ 17,409,228	\$ 1,053,821
Fees from Developers	-0-	-0-	996,350	996,350
Total Operating Revenues	16,355,407	16,355,407	18,405,578	2,050,171
Operating Expenses				
Salaries and Benefits	1,562,703	1,562,703	1,536,388	26,315
Materials & Supplies	663,258	663,258	510,113	153,145
Contracted Services	555,011	555,011	370,994	184,017
Internal Charges	1,517,356	1,517,356	456,562	1,060,794
Administrative Charges	786,910	786,910	786,910	-0-
Cost of Goods Sold	4,793,525	4,793,525	4,031,686	761,839
Non-Capital Improvements	4,221,322	4,221,322	4,216,554	4,768
Depreciation	3,016,797	3,016,797	3,016,797	-0-
Total Operating Expenses	17,116,882	17,116,882	14,926,004	2,190,878
Operating Income (Loss)	(761,475)	(761,475)	3,479,574	4,241,049
Nonoperating Revenues (Expenses):				
Inter-Governmental Revenue	51,208	293,708	306,921	13,213
Interest Income	271,361	271,361	631,690	360,329
Cell Tower Lease	193,749	193,749	172,050	(21,699)
Gain (Loss) on Disposal of Asset	550,400	550,400	387,100	(163,300)
Other Income	(7,500)	(7,500)	26,849	34,349
Sale of Capital Assets	2,500	2,500	23,830	21,330
Bond Interest Expense	(372,338)	(372,338)	(1,199,781)	(827,443)
Total Nonoperating Revenues (Expenses)	689,380	931,880	348,659	(583,221)
Change in Net Assets	(72,095)	170,405	3,828,233	3,657,828
Beginning Net Assets	77,584,511	77,584,511	77,584,511	-0-
Ending Net Assets	\$ 77,512,416	\$ 77,754,916	\$ 81,412,744	\$ 3,657,828

SANDY CITY

Waste

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual For the Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Charges for Sales & Services	\$ 3,596,617	\$ 3,644,283	\$ 47,666
Operating Expenses			
Salaries and Benefits	197,599	199,032	(1,433)
Materials & Supplies	65,220	58,352	6,868
Internal Charges	32,585	32,585	-0-
Administrative Charges	234,640	234,640	-0-
Cost of Goods Sold	3,080,573	3,096,008	(15,435)
Non-Capital Improvements	10,000	-0-	10,000
Total Operating Expenses	3,620,617	3,620,617	-0-
Operating Income (Loss)	(24,000)	23,666	47,666
Nonoperating Revenues:			
Interest Income	14,000	30,128	16,128
Other Income	-0-	(104,601)	(104,601)
Total Nonoperating Revenues:	14,000	(74,473)	(88,473)
Change in Net Assets	(10,000)	(50,807)	(40,807)
Beginning Net Assets	5,798,462	5,798,462	-0-
Ending Net Assets	\$ 5,788,462	\$ 5,747,655	\$ (40,807)

SANDY CITY

Golf

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues:				
Charges for Sales & Services	\$ 1,201,200	\$ 1,230,349	\$ 1,250,100	\$ 19,751
Operating Expenses				
Salaries and Benefits	452,800	452,800	463,664	(10,864)
Materials & Supplies	161,451	161,451	179,367	(17,916)
Contracted Services	39,440	39,440	43,454	(4,014)
Internal Charges	168,564	168,564	168,557	7
Administrative Charges	36,686	36,686	36,686	-0-
Cost of Goods Sold	108,800	158,800	189,469	(30,669)
Non-Capital Improvements	8,821	8,821	8,268	553
Depreciation	21,865	21,865	21,865	-0-
Total Operating Expenses	998,427	1,048,427	1,111,330	(62,903)
Operating Income (Loss)	202,773	181,922	138,770	(43,152)
Nonoperating Revenues (Expenses):				
Interest Income	-0-	-0-	(12)	(12)
Other Income (Expense)	(2,500)	(2,500)	(8,999)	(6,499)
Gain (Loss) on Disposal of Asset	48,000	130,850	700,492	569,642
Bond Interest Expense	(191,421)	(191,421)	(191,421)	-0-
Total Nonoperating Revenues (Expenses)	(145,921)	(63,071)	500,060	563,131
Income (Loss) Before Transfers	56,852	118,851	638,830	519,979
Transfers In	150,000	150,000	150,000	-0-
Change in Net Assets	206,852	268,851	788,830	519,979
Beginning Net Assets	552,035	552,035	552,035	-0-
Ending Net Assets	\$ 758,887	\$ 820,886	\$ 1,340,865	\$ 519,979

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Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fleet - This fund is used to account for the rental of machinery, equipment, vehicles, and their related costs to other departments.

Information Services - This fund is used to account for the accumulation and allocation of costs associated with the centralized data processing systems.

Risk Management - This fund is used to account for the accumulation and allocation of costs associated with general liability, worker's compensation and risk management functions.

Equipment Management - This fund is used to account for the accumulation and allocation of costs associated with the purchase of equipment for the governmental funds.

Payroll Management - this fund is used to account for the liability associated with the accumulation of employee compensated absences.

SANDY CITY**Combining Statement of Net Assets****Internal Service Funds****June 30, 2006****With Comparative Totals for 2005**

						Totals Internal Services Funds	
	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	2006	2005
<u>ASSETS</u>							
Current Assets:							
Cash and Cash Equivalents	\$ 2,678,955	\$ 1,155,725	\$ 3,438,360	\$ 769,006	\$ 1,921,322	\$ 9,963,368	\$ 8,980,143
Receivables	76,509	-0-	352,681	-0-	-0-	429,190	347,927
Inventories	63,011	-0-	-0-	-0-	-0-	63,011	46,768
Other Assets	-0-	-0-	-0-	-0-	-0-	-0-	299
Total Current Assets	2,818,475	1,155,725	3,791,041	769,006	1,921,322	10,455,569	9,375,137
Land, Building, Plant, and Equipment	18,462,041	1,787,962	-0-	-0-	-0-	20,250,003	19,651,438
Accumulated Depreciation	(12,016,875)	(1,542,275)	-0-	-0-	-0-	(13,559,150)	(12,314,084)
Construction in Progress	277,779	-0-	-0-	-0-	-0-	277,779	-0-
Total Assets	9,541,420	1,401,412	3,791,041	769,006	1,921,322	17,424,201	16,712,491
<u>LIABILITIES:</u>							
Current Liabilities:							
Accounts Payable	99,305	2,947	4,257	14,204	-0-	120,713	135,075
Salaries & Benefits Payable	50,661	23,570	2,368	-0-	7,203	83,802	54,229
Claims & Judgements Payable	-0-	-0-	662,112	-0-	-0-	662,112	511,786
Deferred Property Tax	-0-	-0-	376,619	-0-	-0-	376,619	371,000
Capital Leases - Current	89,811	-0-	-0-	-0-	-0-	89,811	87,450
Other Long-Term Payable - Curr	-0-	-0-	-0-	-0-	-0-	-0-	72,165
Total Current Liabilities	239,777	26,517	1,045,356	14,204	7,203	1,333,057	1,231,705
Noncurrent Liabilities							
Compensated Absences	-0-	-0-	-0-	-0-	1,433,528	1,433,528	1,281,120
Capital Leases	-0-	-0-	-0-	-0-	-0-	-0-	89,811
Total Noncurrent Liabilities:	-0-	-0-	-0-	-0-	1,433,528	1,433,528	1,370,931
Total Liabilities	239,777	26,517	1,045,356	14,204	1,440,731	2,766,585	2,602,636
<u>NET ASSETS</u>							
Invested In Capital Assets, Net of Related Debt	6,633,134	245,687	-0-	-0-	-0-	6,878,821	7,160,093
Unrestricted	2,668,509	1,129,208	2,745,685	754,802	480,591	7,778,795	6,949,762
Total Net Assets	\$ 9,301,643	\$ 1,374,895	\$ 2,745,685	\$ 754,802	\$ 480,591	\$ 14,657,616	\$ 14,109,855

SANDY CITY

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Services Fund

For the Year Ended June 30, 2006

With Comparative Totals for the Year Ended 2005

	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	Totals Internal Services Funds	
						2006	2005
Operating Revenue							
Charges for Sales & Services	\$ 3,093,678	\$ 1,142,850	\$ 828,915	\$ 677,667	\$ 596,299	\$ 6,339,409	\$ 5,608,475
Miscellaneous Revenues	-0-	80,435	30,647	-0-	-0-	111,082	93,028
Total Revenues	3,093,678	1,223,285	859,562	677,667	596,299	6,450,491	5,701,503
Operating Expenses							
Salaries and Benefits	667,325	545,265	282,128	-0-	420,094	1,914,812	1,573,088
Materials & Supplies	15,595	21,084	13,876	-0-	-0-	50,555	54,912
Contracted Services	5,392	172,070	1,153,996	-0-	-0-	1,331,458	1,020,257
Internal Charges	17,900	-0-	8,172	-0-	-0-	26,072	21,500
Administrative Charges	139,943	68,424	-0-	-0-	-0-	208,367	198,445
Cost of Goods Sold	977,102	-0-	-0-	-0-	-0-	977,102	833,888
Non-Capital Improvements	47,833	13,915	-0-	297,208	-0-	358,956	386,539
Depreciation	1,795,333	124,256	-0-	-0-	-0-	1,919,589	2,106,517
Total Operating Expenses	3,666,423	945,014	1,458,172	297,208	420,094	6,786,911	6,195,146
Operating Income (Loss)	(572,745)	278,271	(598,610)	380,459	176,205	(336,420)	(493,643)
Nonoperating Revenues (Expenses):							
General Property Taxes	-0-		376,506	-0-	-0-	376,506	374,712
Inter-Governmental Revenue	76,509	-0-	-0-	-0-	-0-	76,509	-0-
Interest Income	112,960	39,762	138,095	9,933	68,423	369,173	182,516
Gain (Loss) on Disposal of Asset	62,290	4,482	-0-	-0-	-0-	66,772	25,056
Bond Interest Expense	(4,779)	-0-	-0-	-0-	-0-	(4,779)	(7,078)
Total Nonoperating Revenues	246,980	44,244	514,601	9,933	68,423	884,181	575,206
Income (Loss) Before Transfers	(325,765)	322,515	(84,009)	390,392	244,628	547,761	81,563
Other Financing Sources (Uses):							
Transfers In	-0-	-0-	-0-	-0-	-0-	-0-	80,000
Transfers Out	-0-	-0-	-0-	-0-	-0-	-0-	(80,000)
Change in Net Assets	(325,765)	322,515	(84,009)	390,392	244,628	547,761	81,563
Net Assets - Beginning	9,627,408	1,052,380	2,829,694	364,410	235,963	14,109,855	14,028,292
Net Assets - Ending	\$ 9,301,643	\$ 1,374,895	\$ 2,745,685	\$ 754,802	\$ 480,591	\$ 14,657,616	\$ 14,109,855

SANDY CITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2006
With Comparative Totals for the Year Ended 2005

	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	Totals Internal Services Funds	
						2006	2005
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 3,093,678	\$ 1,223,285	\$ 854,808	\$ 677,667	\$ 596,299	\$ 6,445,737	\$ 5,792,651
Payments to Suppliers	(1,199,914)	(278,720)	(1,028,330)	(325,526)	-0-	(2,832,490)	(2,704,360)
Payments to Employees	(647,097)	(543,409)	(280,649)	-0-	(333,841)	(1,804,996)	(1,588,512)
Net Cash Provided (Used) in Operating Activities	1,246,667	401,156	(454,171)	352,141	262,458	1,808,251	1,499,779
Cash Flows from Noncapital Financing Activities:							
Tax Receipts	-0-	-0-	382,125	-0-	-0-	382,125	374,462
Cash Flows from Capital and Related Financing Activities:							
Acquisition of Capital Assets	(1,609,334)	(84,736)	-0-	-0-	-0-	(1,694,070)	(1,030,769)
Principal Paid on Capital Lease	(87,444)	-0-	-0-	-0-	-0-	(87,444)	(85,151)
Interest Paid on Capital Lease	(4,779)	-0-	-0-	-0-	-0-	(4,779)	(7,078)
Proceeds from Sale of Capital Assets	205,487	4,482	-0-	-0-	-0-	209,969	233,895
Net Cash Used by Capital and Related Financing Activities	(1,496,070)	(80,254)	-0-	-0-	-0-	(1,576,324)	(889,103)
Cash Flows from Investing Activities:							
Interest Income Received	112,960	39,762	138,095	9,933	68,423	369,173	182,516
Net Increase (Decrease) in Cash and Cash Equivalents	(136,443)	360,664	66,049	362,074	330,881	983,225	1,167,654
Cash and Cash Equivalents:							
Beginning of Year	2,815,398	795,061	3,372,311	406,932	1,590,441	8,980,143	7,812,489
End of Year	\$ 2,678,955	\$ 1,155,725	\$ 3,438,360	\$ 769,006	\$ 1,921,322	\$ 9,963,368	\$ 8,980,143

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (572,745)	\$ 278,271	\$ (598,610)	\$ 380,459	\$ 176,205	\$ (336,420)	\$ (493,643)
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Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:

Depreciation	1,795,333	124,256	-0-	-0-	-0-	1,919,589	2,106,517
Increase (Decrease) Due to Changes in:							
Accounts Receivables	-0-	-0-	(4,754)	-0-	-0-	(4,754)	91,148
Inventories	(16,243)	-0-	-0-	-0-	-0-	(16,243)	(1,684)
Prepaid Assets	-0-	-0-	299	-0-	-0-	299	(299)
Accounts Payable	20,094	(3,227)	147,415	(28,318)	-0-	135,964	(186,836)
Salaries & Benefits Payable	20,228	1,856	1,479	-0-	86,253	109,816	(15,424)
Net Cash Provided (Used) by Operating Activities	\$ 1,246,667	\$ 401,156	\$ (454,171)	\$ 352,141	\$ 262,458	\$ 1,808,251	\$ 1,499,779

SANDY CITY**Fleet****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues:				
Charges for Sales & Services	\$ 3,253,075	\$ 3,423,075	\$ 3,093,678	\$ (329,397)
Operating Expenses				
Salaries and Benefits	657,998	657,998	667,325	(9,327)
Materials & Supplies	19,617	19,617	15,595	4,022
Contracted Services	18,000	18,000	5,392	12,608
Internal Charges	17,900	17,900	17,900	-0-
Administrative Charges	139,943	139,943	139,943	-0-
Cost of Goods Sold	887,559	1,027,559	977,102	50,457
Non-Capital Improvements	265,500	273,500	47,833	225,667
Depreciation	1,795,333	1,795,333	1,795,333	-0-
Total Operating Expenses	3,801,850	3,949,850	3,666,423	283,427
Operating Income (Loss)	(548,775)	(526,775)	(572,745)	(45,970)
Nonoperating Revenues (Expenses):				
Inter-Governmental Revenue	108,509	108,509	76,509	(32,000)
Interest Income	41,000	41,000	112,960	71,960
Gain (Loss) on Disposal of Asset	56,000	56,000	62,290	6,290
Capital Lease Interest Expense	(4,779)	(4,779)	(4,779)	-0-
Total Nonoperating Revenues (Expenses)	200,730	200,730	246,980	46,250
Income (Loss) Before Transfers	(348,045)	(326,045)	(325,765)	280
Transfers:				
Transfers Out	(97,015)	(97,015)	-0-	97,015
Change in Net Assets	(445,060)	(423,060)	(325,765)	97,295
Beginning Net Assets	10,592,326	10,592,326	10,592,326	-0-
Ending Net Assets	\$ 10,147,266	\$ 10,169,266	\$ 10,266,561	\$ 97,295

SANDY CITY**Information Services****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues:				
Charges for Sales & Services	\$ 1,060,149	\$ 1,061,427	\$ 1,142,850	\$ 81,423
Miscellaneous Revenues	62,000	62,000	80,435	18,435
Total Operating Revenues	1,122,149	1,123,427	1,223,285	99,858
Operating Expenses				
Salaries and Benefits	561,076	561,076	545,265	15,811
Materials & Supplies	42,280	42,280	21,084	21,196
Contracted Services	188,235	188,235	172,070	16,165
Administrative Charges	68,424	68,424	68,424	-0-
Non-Capital Improvements	451,878	451,878	13,915	437,963
Depreciation	124,256	124,256	124,256	-0-
Total Operating Expenses	1,436,149	1,436,149	945,014	491,135
Operating Income (Loss)	(314,000)	(312,722)	278,271	590,993
Nonoperating Revenues (Expenses):				
Interest Income	15,000	13,722	39,762	26,040
Gain (Loss) on Disposal of Asset	-0-	-0-	4,482	4,482
Total Nonoperating Revenues (Expenses)	15,000	13,722	44,244	30,522
Change in Net Assets	(299,000)	(299,000)	322,515	621,515
Beginning Net Assets	1,052,380	1,052,380	1,052,380	-0-
Ending Net Assets	\$ 753,380	\$ 753,380	\$ 1,374,895	\$ 621,515

SANDY CITY**Risk Management****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues:				
Charges for Sales & Services	\$ 829,803	\$ 829,803	\$ 828,915	\$ (888)
Miscellaneous Revenues	-0-	-0-	30,647	30,647
Total Operating Revenues	829,803	829,803	859,562	29,759
Operating Expenses				
Salaries and Benefits	265,568	265,568	282,128	(16,560)
Materials & Supplies	13,488	15,238	13,876	1,362
Contracted Services	1,081,932	1,345,182	1,153,996	191,186
Internal Charges	8,173	8,173	8,172	1
Total Operating Expenses	1,369,161	1,634,161	1,458,172	175,989
Operating Income (Loss)	(539,358)	(804,358)	(598,610)	205,748
Nonoperating Revenues (Expenses):				
General Property Taxes	371,000	371,000	376,506	5,506
Interest Income	66,358	66,358	138,095	71,737
Total Nonoperating Revenues (Expenses)	437,358	437,358	514,601	77,243
Change in Net Assets	(102,000)	(367,000)	(84,009)	282,991
Beginning Net Assets	2,829,694	2,829,694	2,829,694	-0-
Ending Net Assets	\$ 2,727,694	\$ 2,462,694	\$ 2,745,685	\$ 282,991

SANDY CITY

Equipment Management

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Charges for Sales & Services	\$ -0-	\$ 677,667	\$ 677,667
Operating Expenses			
Non-Capital Improvements	364,410	297,208	67,202
Total Operating Expenses	364,410	297,208	67,202
Operating Income (Loss)	(364,410)	380,459	744,869
Nonoperating Revenues:			
Interest Income	-0-	9,933	9,933
Change in Net Assets	(364,410)	390,392	754,802
Beginning Net Assets	364,410	364,410	-0-
Ending Net Assets	<u>\$ -0-</u>	<u>\$ 754,802</u>	<u>\$ 754,802</u>

SANDY CITY**Payroll Management Fund****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues:				
Charges for Sales & Services	\$ 408,011	\$ 488,011	\$ 596,299	\$ 108,288
Operating Expenses				
Salaries and Benefits	408,011	488,011	420,094	67,917
Operating Income (Loss)	-0-	-0-	176,205	176,205
Nonoperating Revenues:				
Interest Income	35,000	35,000	68,423	33,423
Change in Net Assets	35,000	35,000	244,628	209,628
Beginning Net Assets	235,963	235,963	235,963	-0-
Ending Net Assets	\$ 270,963	\$ 270,963	\$ 480,591	\$ 209,628

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Capital Assets Used In the Operations Of Governmental Funds

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
For the Years Ended June 30, 2006 and 2005

	2006	2005
Governmental funds capital assets:		
Land	\$ 195,214,053	\$ 189,709,253
Buildings	32,637,706	31,805,199
Improvements other than Buildings	15,842,062	14,625,998
Machinery and Equipment	1,906,061	1,474,159
Autos and Trucks	71,221	67,116
Infrastructure	117,316,034	116,189,101
Street Light Improvements	8,950,440	8,809,153
Storm Drain Improvements	26,173,257	25,786,857
Construction In Progress	2,509,191	972,616
Total governmental funds capital assets	<u>\$ 400,620,025</u>	<u>\$ 389,439,452</u>

Investments in governmental funds capital assets by source:

General	\$ 1,268,025	\$ 935,109
Capital Projects	80,972,483	74,632,119
Infrastructure	279,448,858	277,544,816
Special Revenue	1,592,699	1,592,699
Electric Utilities	8,950,440	8,809,153
Storm Water	28,387,521	25,786,857
Prior Year Investments	-	138,699
Total governmental funds capital assets	<u>\$ 400,620,025</u>	<u>\$ 389,439,452</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
June 30, 2006

Function and Activity	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDING	MACHINERY AND EQUIPMENT	AUTOS AND TRUCKS	STREET LIGHT IMPROVEMENTS	STORM WATER IMPROVEMENTS	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General Government:										
Administrative Services										
(Including Building Services)	\$ 5,229,895	\$ 15,855,454	\$ 887,130	\$ 340,647	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 22,313,126
Total General Government	5,229,895	15,855,454	887,130	340,647	-0-	-0-	-0-	-0-	-0-	22,313,126
Public Safety:										
Police Department										
(Including Animal Control)	116,857	1,358,251	107,568	766,161	71,221	-0-	-0-	-0-	-0-	2,420,058
Fire Department	619,613	3,712,393	116,942	434,342	-0-	-0-	-0-	-0-	-0-	4,883,290
Total Public Safety	736,470	5,070,644	224,510	1,200,503	71,221	-0-	-0-	-0-	-0-	7,303,348
Public Works	172,393,541	1,249,421	152,333	199,001	-0-	-0-	-0-	-0-	-0-	173,994,296
Parks and Recreation	15,976,359	10,175,639	14,576,234	111,609	-0-	-0-	-0-	-0-	-0-	40,839,841
Community Development	-0-	286,548	1,855	43,066	-0-	-0-	-0-	-0-	-0-	331,469
Redevelopment Agency	717,131	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	717,131
Storm Water	160,657	-0-	-0-	11,235	-0-	-0-	26,173,257	-0-	-0-	26,345,149
Electric Utilities	-0-	-0-	-0-	-0-	-0-	8,950,440	-0-	-0-	-0-	8,950,440
Streets and Roads	-0-	-0-	-0-	-0-	-0-	-0-	-0-	113,183,952	-0-	113,183,952
Special Improvement Districts	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,132,082	-0-	4,132,082
Construction in Progress	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,509,191	2,509,191
Total governmental funds capital assets	\$ 195,214,053	\$ 32,637,706	\$ 15,842,062	\$ 1,906,061	\$ 71,221	\$ 8,950,440	\$ 26,173,257	\$ 117,316,034	\$ 2,509,191	\$ 400,620,025

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
For the Year Ended June 30, 2006

	GENERAL FIXED ASSETS 7/1/05	ADDITIONS	DELETIONS	TRANSFERS	GENERAL FIXED ASSETS 6/30/06
General Government:					
Mayor	\$ 1,344,044	\$ -0-	\$ -0-	\$ (1,344,044)	\$ -0-
Administrative Services (Including Building Services)	12,513,657	1,847,260	-0-	7,952,209	22,313,126
Total General Government	13,857,701	1,847,260	-0-	6,608,165	22,313,126
Public Safety:					
Police Department (Including Animal Control)	1,053,077	342,130	-0-	1,024,851	2,420,058
Fire Department	4,797,590	50,822	-0-	34,878	4,883,290
Total Public Safety	5,850,667	392,952	-0-	1,059,729	7,303,348
Public Works	179,112,301	3,969,976	-0-	(9,087,981)	173,994,296
Parks & Recreation	37,653,859	1,857,622	80,287	1,408,647	40,839,841
Community Development	318,174	1,855	-0-	11,440	331,469
Redevelopment Agency	717,131	-0-	-0-	-0-	717,131
Storm Water	25,958,749	386,400	-0-	-0-	26,345,149
Electric Utilities	8,809,153	141,287	-0-	-0-	8,950,440
Streets and Roads	112,057,019	1,126,933	-0-	-0-	113,183,952
Special Improvement Districts	4,132,082				4,132,082
Construction in Progress	972,616	2,369,432	832,857	-0-	2,509,191
	<u>\$ 389,439,452</u>	<u>\$12,093,717</u>	<u>\$ 913,144</u>	<u>\$ -0-</u>	<u>\$ 400,620,025</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Impact Fees Received and Used in the Operations of Sandy City

(Schedule Required by the State of Utah)

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SANDY CITY
SCHEDULE OF IMPACT FEES
COMPARATIVE SCHEDULES BY IMPACT TYPE, YEAR RECEIVED AND PLANNED USE

Sandy City charges impact fees on all new residential and commercial construction within Sandy City limits for drainage, parks, trails, fire, and police. All new construction requiring City water service is charged a water connection fee. Impact fee revenue collected during the past eight fiscal years is presented in the following table. The capital projects for which the funds are budgeted for the current fiscal year as well as projected expenditures through fiscal year 2010 are presented below.

Impact Fee Revenue by Fiscal Year

	Water	Drainage	Parks	Trails	Fire	Police
1999	\$ 589,824	\$ 213,004	\$ 187,620	\$ 159,730	\$ -0-	\$ -0-
2000	533,255	601,156	195,546	38,365	-0-	-0-
2001	438,420	338,613	180,270	34,654	-0-	-0-
2002	446,984	393,613	202,261	22,721	-0-	-0-
2003	392,341	293,283	275,983	23,148	-0-	-0-
2004	354,529	210,003	139,918	34,068	-0-	-0-
2005	380,602	327,545	141,903	58,905	-0-	-0-
2006	864,096	730,284	698,806	66,753	315,296	129,066

Approved Budget 2007	Planned Budget 2008	Planned Budget 2009	Planned Budget 2010
-------------------------------------	------------------------------------	------------------------------------	------------------------------------

Water

Water impact fees provide partial funding for:
The City's portion of the cost of a new water treatment plant being built by the MWDSLS

\$ 4,210,322	\$ 4,210,322	\$ 4,210,322	\$ 4,210,322
--------------	--------------	--------------	--------------

Drainage

Storm Drain impact fees provide partial funding for:

1) 114th S I-15 Interchange Storm drain improvements	110,701	-0-	-0-	-0-
2) 8000 South Outfall Line Install the storm drain trunk line and lateral lines	2,948,366	-0-	-0-	-0-
3) Quarry Bend Detention Pond Construct new detention basin	901,292	-0-	-0-	-0-
4) 1650 East 10600 South Tie two existing systems together to prevent ponding	128,400	-0-	-0-	-0-

Parks

Parks impact fees provide partial funding for the following projects:

1) Flat Iron Mesa Park Expand the upper parking lot	80,863	-0-	-0-	-0-
2) Lone Peak Park 2.33 acre expansion	95,000	530,000	-0-	-0-
3) Creekside Park Develop 2 acres into a park/trailhead	83,836	-0-	-0-	-0-
4) Quail Hollow Park Design/construction of the Quail Hollow Park	230,204	751,000	751,000	751,000

SANDY CITY**SCHEDULE OF IMPACT FEES (Continued)****COMPARATIVE SCHEDULES BY IMPACT TYPE, YEAR RECEIVED AND PLANNED USE**

	Approved Budget 2007	Planned Budget 2008	Planned Budget 2009	Planned Budget 2010
Parks (Continued)				
5) Dog Park Develop one acre adjacent to Bluth Park	\$ 13,280	\$ -0-	\$ -0-	\$ -0-
6) Union Middle School Park Construct 4.5 acres adjacent to school	454,000	-0-	-0-	-0-
7) Urban Fishery 14 acres along the Jordan River	96,163	-0-	-0-	-0-
Trails				
Trails impact fees provide partial funding for three projects:				
1) Bell Canyon/Jordan River/Bonneville Shoreline Trails Design Bonneville Shoreline and continued work on Bell Canyon and Jordan River trails	170,206	35,000	35,000	35,000
2) Granite Trail Head Install paved parking lot	35,470	-0-	-0-	-0-
3) Jordan River Trail Bridge Connect Sandy's section of the Jordan River Trail with South Jordan's section	10,000	-0-	-0-	-0-
Fire				
Fire impact fees provide partial funding for:				
The replacement and expansion of Station 32	272,870	-0-	-0-	-0-
Police				
Police impact fees provide partial funding for:				
Retirement of the debt on the Justice Center building that is dedicated in part for police use. The City acquired the building during fiscal year 2004.	300,993	296,868	302,205	301,924

STATISTICAL SECTION

STATISTICAL SECTION

This part of Sandy City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	128
<i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	
Revenue Capacity	134
<i>These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.</i>	
Debt Capacity	139
<i>These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	144
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i>	
Operating Information	146
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the current year.

Sandy City
Net Assets by Component
Last Four Fiscal Years Ending June 30
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 316,319,735	\$ 322,769,699	\$ 326,487,853	\$ 337,682,449
Restricted	10,852,892	9,357,059	5,914,418	5,646,513
Unrestricted	23,216,521	24,661,254	33,383,930	37,259,435
Total Governmental Activities Net Assets	<u>\$ 350,389,148</u>	<u>\$ 356,788,012</u>	<u>\$ 365,786,201</u>	<u>\$ 380,588,397</u>
Business Type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 44,732,306	\$ 48,891,585	\$ 49,315,238	\$ 36,734,060
Restricted	1,489,397	223,136	-0-	-0-
Unrestricted	29,402,041	34,098,051	36,611,766	53,590,820
Total Business-Type Activities Net Assets	<u>\$ 75,623,744</u>	<u>\$ 83,212,772</u>	<u>\$ 85,927,004</u>	<u>\$ 90,324,880</u>
Primary government				
Invested in Capital Assets, Net of Related Debt	\$ 361,052,041	\$ 371,661,284	\$ 375,803,091	\$ 374,416,509
Restricted	12,342,289	9,580,195	5,914,418	5,646,513
Unrestricted	52,618,562	58,759,305	69,995,696	90,850,255
Total Primary Government Net Assets	<u>\$ 426,012,892</u>	<u>\$ 440,000,784</u>	<u>\$ 451,713,205</u>	<u>\$ 470,913,277</u>

Sandy City
Changes in Net Assets
Last Four Fiscal Years Ending June 30
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
<i>Governmental Activities:</i>				
General Government	\$ 6,354,049	\$ 6,099,168	\$ 6,732,132	\$ 6,627,873
Police & Animal Control	10,921,199	11,039,961	11,574,194	11,758,990
Fire	6,592,822	6,684,265	6,547,657	6,844,133
Public Works	5,324,632	8,298,500	7,492,157	5,198,265
Parks, Landscapes, and Cemetery	2,927,991	3,313,008	4,163,629	3,463,605
Community Development	2,077,192	2,067,518	2,086,736	2,346,659
Economic Development	902,182	1,038,250	1,348,916	2,510,664
Recreation & Cultural Events	1,564,928	1,427,152	1,547,212	1,739,575
Electric Utility	772,840	897,171	870,085	938,764
Storm Water Utility	1,174,075	1,600,171	1,731,367	3,938,323
Interest on Long-Term Debt	2,608,382	2,412,157	2,237,033	2,127,833
Total Governmental Activities	41,220,292	44,877,321	46,331,118	47,494,684
<i>Business Type Activities</i>				
Alta Canyon Sports Center	1,002,446	1,034,668	1,058,633	1,066,562
Water	10,406,190	10,231,959	12,901,791	16,136,948
Waste	3,344,378	3,477,255	3,658,358	3,624,065
Golf Course	912,133	1,256,006	1,209,418	1,323,255
Total Business-Type Activities	15,665,147	15,999,888	18,828,200	22,150,830
Total Primary Government Expenses	\$ 56,885,439	\$ 60,877,209	\$ 65,159,318	\$ 69,645,514
Program Revenues				
<i>Governmental Activities:</i>				
Charges for Services:				
General Government	\$ 27,932	\$ 136,348	\$ 30,691	\$ 36,990
Police & Animal Control	2,503,235	3,040,121	3,672,182	3,198,097
Fire	1,043,746	1,344,975	1,411,659	1,726,046
Public Works	371,506	2,801,034	2,894,576	1,506,543
Community Development	1,754,869	1,810,767	2,188,270	2,762,696
Economic Development	3,500,288	3,515,038	4,002,758	4,406,573
Culture and Recreation	851,002	831,788	1,009,439	944,071
Storm Water Utility	3,021,733	2,973,078	3,258,241	3,652,827
Other Activities	166,786	198,701	190,948	205,994
Operating Grants and Contributions	3,779,329	4,212,373	3,702,446	4,624,621
Capital Grants and Contributions	331,364	385,028	447,787	2,553,325
Total Governmental Activities Program Revenues	17,351,790	21,249,251	22,808,997	25,617,783
<i>Business-Type Activities:</i>				
Charges for Services:				
Water	14,741,718	16,323,557	15,287,242	19,324,327
Waste	3,617,167	3,745,924	3,738,162	3,539,681
Alta Canyon	595,545	574,708	571,502	588,592
Golf Course	1,013,868	1,127,817	1,139,850	1,950,594
Operating Grants and Contributions	-0-	-0-	-0-	-0-
Capital Grants and Contributions	2,813,543	1,172,856	-0-	-0-
Total Business-Type Activities Program Revenues	22,781,841	22,944,862	20,736,756	25,403,194
Total Primary Government Program Revenues	\$ 40,133,631	\$ 44,194,113	\$ 43,545,753	\$ 51,020,977
Net (Expense)/Revenue				
Governmental Activities	(23,868,502)	(23,628,070)	(23,522,121)	(21,876,901)
Business-Type Activities	7,116,694	6,944,974	1,908,556	3,252,364
Total Primary Government Net Expense	\$ (16,751,808)	\$ (16,683,096)	\$ (21,613,565)	\$ (18,624,537)

Sandy City**Changes in Net Assets** (Continued)**Last Four Fiscal Years Ending June 30****(Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
<i>Governmental Activities:</i>				
Taxes				
Property Taxes	\$ 7,088,504	\$ 7,323,101	\$ 7,262,922	\$ 7,350,178
Sales Taxes	14,569,744	15,161,445	15,857,517	17,681,709
Franchise Taxes	4,299,404	4,688,366	6,284,131	6,600,373
Motor Vehicle Tax	918,730	881,376	818,905	825,617
Investment Earnings	873,325	410,215	709,066	1,472,455
Miscellaneous	1,454,708	1,712,431	1,737,769	2,904,375
Transfers	(334,187)	(150,000)	(150,000)	(150,000)
Total Government Activities	<u>28,870,228</u>	<u>30,026,934</u>	<u>32,520,310</u>	<u>36,684,707</u>
<i>Business-Type Activities:</i>				
Taxes				
Property Taxes	273,683	292,996	290,752	291,608
Motor Vehicle Tax	38,578	41,551	37,835	38,424
Investment Earnings	228,749	159,507	327,089	665,480
Transfers	334,187	150,000	150,000	150,000
Total Business-Type Activities	<u>875,197</u>	<u>644,054</u>	<u>805,676</u>	<u>1,145,512</u>
Total Primary Government	<u><u>\$ 29,745,425</u></u>	<u><u>\$ 30,670,988</u></u>	<u><u>\$ 33,325,986</u></u>	<u><u>\$ 37,830,219</u></u>
Changes in Net Assets				
Governmental Activities	\$ 5,001,726	\$ 6,398,864	\$ 8,998,189	\$ 14,807,806
Business-Type Activities	7,991,891	7,589,028	2,714,232	4,397,876
Total Primary Government	<u><u>\$ 12,993,617</u></u>	<u><u>\$ 13,987,892</u></u>	<u><u>\$ 11,712,421</u></u>	<u><u>\$ 19,205,682</u></u>

Sandy City
Government Activities Tax Revenues By Source
Last Ten Fiscal Years Ending June 30
(Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Total
1997	\$ 4,922,545	\$ 11,241,249	\$ 3,317,575	\$ 905,820	\$ 20,387,189
1998	4,955,644	11,828,528	3,583,515	859,948	21,227,635
1999	5,141,763	12,966,383	3,483,868	966,216	22,558,230
2000	5,402,003	14,080,123	3,603,078	764,085	23,849,289
2001	6,068,967	14,773,043	4,435,823	721,930	25,999,763
2002	7,039,466	14,740,321	4,501,770	867,215	27,148,772
2003	7,088,504	14,569,744	4,299,404	918,730	26,876,382
2004	7,323,101	15,161,445	4,688,366	881,376	28,054,288
2005	7,262,922	15,857,517	6,284,131	818,905	30,223,475
2006	7,350,178	17,681,709	6,600,373	825,617	32,457,877

Source: Sandy City Department of Finance

Sandy City

Fund Balances of Governmental Funds

Last Ten Fiscal Years Ending June 30

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Unreserved	2,285,777	2,299,777	2,600,277	2,885,777	3,709,277	3,939,277	4,089,891	4,154,891	4,154,891	4,897,087
Total General Fund	<u>\$ 2,285,777</u>	<u>\$ 2,299,777</u>	<u>\$ 2,600,277</u>	<u>\$ 2,885,777</u>	<u>\$ 3,709,277</u>	<u>\$ 3,939,277</u>	<u>\$ 4,089,891</u>	<u>\$ 4,154,891</u>	<u>\$ 4,154,891</u>	<u>\$ 4,897,087</u>
All Other Governmental Funds										
Reserved for:										
Debt Service	\$ 1,808,000	\$ 1,808,000	\$ 2,692,045	\$ 4,153,553	\$ 4,105,730	\$ 4,105,730	\$ 4,218,330	\$ 3,010,830	\$ 1,420,600	\$ 1,420,600
Capital Projects	6,865,631	5,782,807	6,736,988	9,541,587	6,324,753	3,392,020	5,153,891	5,082,959	3,516,808	3,751,658
Roads	440,646	2,339,636	604,922	770,378	1,372,464	1,299,106	1,480,671	1,263,270	977,010	474,255
Special Revenues	-0-	-0-	-0-	-0-	-0-	-0-	3,396,231	3,442,350	-0-	-0-
Unreserved										
Debt Service	1,387,967	1,500,875	1,440,707	1,269,363	1,003,143	597,197	597,197	1,192,493	1,414,559	1,510,146
Capital Projects	3,677,791	5,819,046	6,758,288	7,454,792	9,488,670	10,037,598	10,037,598	6,904,519	9,952,490	12,876,762
Special Revenues	5,263,225	5,862,833	9,255,441	13,792,376	15,561,514	17,732,493	1,162,806	4,471,071	11,698,810	10,932,860
Total All Other Governmental Funds	<u>\$ 19,443,260</u>	<u>\$ 23,113,197</u>	<u>\$ 27,488,391</u>	<u>\$ 36,982,049</u>	<u>\$ 37,856,274</u>	<u>\$ 37,164,144</u>	<u>\$ 26,046,724</u>	<u>\$ 25,367,492</u>	<u>\$ 28,980,277</u>	<u>\$ 30,966,281</u>
Total Governmental Funds	<u>\$ 21,729,037</u>	<u>\$ 25,412,974</u>	<u>\$ 30,088,668</u>	<u>\$ 39,867,826</u>	<u>\$ 41,565,551</u>	<u>\$ 41,103,421</u>	<u>\$ 30,136,615</u>	<u>\$ 29,522,383</u>	<u>\$ 33,135,168</u>	<u>\$ 35,863,368</u>

Sandy City

Changes in Fund Balances of Governmental Funds

Last Four Fiscal Years Ending June 30

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 30,332,193	\$ 31,626,757	\$ 34,324,191	\$ 36,872,673
Special Assessments	395,235	994,215	988,511	904,929
Innkeeper Fees	167,963	178,730	194,291	231,569
Licenses and Permits	1,685,082	1,740,360	2,011,739	2,571,942
Inter-Governmental Revenue	3,993,322	4,449,925	3,974,374	5,202,115
Charges for Services	4,888,376	5,575,609	5,907,478	5,653,216
Administrative Charges	1,033,484	1,151,671	1,344,587	1,520,720
Fines & Forfeitures	2,352,612	2,661,801	2,587,126	2,615,913
Cell Tower Leases	131,356	138,426	153,555	160,432
Fees from Developers	595,913	223,197	611,407	2,069,176
Interest Income	873,327	410,214	709,067	1,472,455
Miscellaneous Revenues	850,933	720,761	1,555,347	2,132,228
Total Revenues	47,299,796	49,871,666	54,361,673	61,407,368
Expenditures				
General Government	7,120,587	7,271,840	7,616,861	8,019,303
Police & Animal Control	10,731,603	11,033,512	11,623,762	12,109,074
Fire	6,435,356	6,497,598	6,418,692	6,734,250
Public Works	4,691,872	4,990,014	4,773,677	5,111,617
Parks, Landscapes, and Cemetery	2,507,553	2,661,076	2,693,818	2,899,421
Community Development	2,010,190	2,029,435	2,037,419	2,293,498
Economic Development	894,759	1,033,553	1,342,373	2,505,894
Recreation and Cultural Events	1,478,515	1,329,247	1,483,375	1,514,284
Electric Utility	491,681	591,767	568,783	627,597
Storm Water Utility	887,804	1,096,292	1,201,137	1,097,871
Capital Outlays	17,473,410	8,207,410	3,926,828	8,166,646
Debt Service				
Principle	3,668,221	2,853,000	5,000,000	5,428,253
Interest	2,642,292	2,578,065	2,234,858	2,120,693
Other Charges	167,101	139,136	1,372,135	76,540
Total Expenditures	61,200,944	52,311,945	52,293,718	58,704,941
Excess of revenues over (under) expenditures	(13,901,148)	(2,440,279)	2,067,955	2,702,427
Other Financing Sources (Uses)				
Issuance of Debt	7,557,947	7,287,091	16,520,000	3,650,000
Redemption of Refunded Bonds	(5,140,703)	(5,525,000)	(15,695,000)	(3,670,000)
Bond Premium	-0-	-0-	857,599	90,798
Fees from Developers	-0-	210,003	-0-	-0-
Other Income	-0-	1,304	-0-	-0-
Sale of Capital Assets	245,418	2,649	12,231	104,975
Transfers In	9,736,065	8,466,823	10,295,916	12,085,439
Transfers Out	(9,953,203)	(8,616,823)	(10,445,916)	(12,235,439)
Total Other Financing Sources (Uses)	2,445,524	1,826,047	1,544,830	25,773
Net Changes in Fund Balances	<u>\$ (11,455,624)</u>	<u>\$ (614,232)</u>	<u>\$ 3,612,785</u>	<u>\$ 2,728,200</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>17.4%</u>	<u>14.5%</u>	<u>21.6%</u>	<u>17.8%</u>

Sandy City

General Government Tax Revenues By Source

Last Ten Fiscal Years Ending June 30

(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Total
1997	\$ 4,726,068	\$ 11,241,249	\$ 3,317,575	\$ 905,820	\$ 20,190,712
1998	4,722,238	11,828,528	3,583,515	859,948	20,994,229
1999	4,865,626	12,966,383	3,483,868	966,216	22,282,093
2000	5,092,701	14,080,123	3,603,078	764,085	23,539,987
2001	5,737,847	14,773,043	4,435,823	721,930	25,668,643
2002	6,746,658	14,740,321	4,501,770	867,215	26,855,964
2003	6,778,104	14,569,744	4,299,404	918,730	26,565,982
2004	7,103,637	15,161,445	4,688,366	881,376	27,834,824
2005	7,082,393	15,857,517	6,284,131	818,905	30,042,946
2006	7,075,103	17,681,709	6,600,373	825,617	32,182,802

Source: Sandy City Department of Finance

Sandy City

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years Ending June 30

Fiscal Year	Real Property		Personal Property		Mines & Utilities
	Primary Residential	Other Property	Non Residential	Other Property	
1997	\$ 1,968,275,115	\$ 687,446,007	\$ 147,393,368	\$ 7,883,441	\$ 78,458,838
1998	2,218,177,121	774,727,574	166,107,164	8,884,362	88,420,362
1999	2,322,246,731	811,075,256	173,900,369	9,301,187	92,568,756
2000	2,442,706,876	853,147,548	182,920,971	9,783,660	97,370,505
2001	2,504,550,719	988,221,885	172,532,176	9,785,370	127,041,282
2002	2,569,848,579	1,109,094,963	211,596,864	9,871,629	137,267,047
2003	2,736,492,162	1,116,677,816	216,897,300	9,455,672	114,450,137
2004	2,807,271,158	1,148,112,976	239,719,487	8,944,097	110,293,552
2005	2,944,551,884	1,200,902,970	230,145,834	7,376,833	99,646,666
2006	3,131,181,804	1,307,015,205	226,720,848	6,663,727	94,897,357

Fiscal Year	Total Taxable Assessed Value	Total Direct Tax Rate ¹	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1997	\$ 2,889,456,769	0.001758	\$ 4,548,513,696	63.53%
1998	3,256,316,583	0.001592	5,142,745,684	63.32%
1999	3,409,092,299	0.001606	5,317,298,007	64.11%
2000	3,585,929,560	0.001615	5,541,482,116	64.71%
2001	3,802,131,432	0.001788	5,885,828,378	64.60%
2002	4,037,679,082	0.001960	6,161,254,606	65.53%
2003	4,193,973,087	0.001895	6,446,408,328	65.06%
2004	4,314,341,270	0.001890	6,635,180,654	65.02%
2005	4,482,624,187	0.001844	6,919,830,111	64.78%
2006	4,766,478,941	0.001757	7,349,103,358	64.86%

Source: Salt Lake County Auditor and Salt Lake County Treasurer

¹Property in the county is reassessed annually. Tax Rates are per \$1 of assessed value

Sandy City
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years Ending June 30

Fiscal Year	Sandy City				Overlapping ¹ Rates				Total Direct & Overlapping Rates
	General Fund	Debt Service	Risk Management	Total City Millage	Salt Lake County	Jordan School District	Salt Lake County Library	Special Districts ²	
1997	0.001678	0.000080	0.000000	0.001758	0.003782	0.006392	0.000647	0.001573	0.014152
1998	0.001517	0.000075	0.000000	0.001592	0.003551	0.006504	0.000608	0.001539	0.013794
1999	0.001529	0.000077	0.000000	0.001606	0.002805	0.006561	0.000607	0.001267	0.012846
2000	0.001537	0.000078	0.000000	0.001615	0.003246	0.007582	0.000625	0.001258	0.014326
2001	0.001613	0.000075	0.000100	0.001788	0.002904	0.008845	0.000583	0.001260	0.015380
2002	0.001790	0.000073	0.000097	0.001960	0.003025	0.008424	0.000764	0.001390	0.015563
2003	0.001730	0.000071	0.000094	0.001895	0.002939	0.008344	0.000744	0.001501	0.015423
2004	0.001725	0.000071	0.000094	0.001890	0.002868	0.008366	0.000747	0.001728	0.015599
2005	0.001683	0.000069	0.000092	0.001844	0.002816	0.008856	0.000733	0.001686	0.015935
2006	0.001603	0.000066	0.000088	0.001757	0.002682	0.008655	0.000696	0.001751	0.015541

Source: Salt Lake County Recorder's Office

¹Overlapping rates are those of local and county governments that apply to property owners within Sandy City. Not all overlapping rates apply to all Sandy City property owners. The rates for special districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the special district

²Includes South Salt Lake County Mosquito District, Salt Lake County Water District, Sandy Suburban Improvement District, and Central Utah Water District. Although other special districts apply to only a portion of the City, these districts apply to the majority of property values within the City.

Sandy City
Principal Property Taxpayers
June 30, 2006

Taxpayer	2005			1996		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Macerich Co.	\$ 121,860,600	1	2.56%	\$ 19,553,000	6	0.68%
Lawrence & Karen Miller	102,445,600	2	2.15%	21,586,500	5	0.75%
SSR Western Multifamily LLC	53,042,900	3	1.11%			
Pacificorp	37,058,301	4	0.78%	24,593,620	3	0.85%
Workers Compensation Fund	31,828,700	5	0.67%			
The Boyer Company	27,196,300	6	0.57%	23,664,100	4	0.82%
Magna Investment	25,145,700	7	0.53%			
Mariemont Corp.	25,095,700	8	0.53%	16,099,400	7	0.56%
Qwest Communications	22,055,514	9	0.46%	26,113,440	2	0.90%
Becton Dickinson & Company	20,743,000	10	0.44%	13,683,700	9	0.47%
South Towne Investors Limited Partnership				56,159,100	1	1.94%
Questar Gas				13,008,840	8	0.45%
IHC Hospitals Inc				12,420,138	10	0.43%
Totals	<u>466,472,315</u>		<u>9.79%</u>	<u>226,881,838</u>		<u>7.85%</u>

Note: Annual amounts are shown only for the top ten ranked taxpayers. Including the other amounts would skew the overall total and percentage for the top 10 taxpayers.

Source: Utah State Tax Commission and the Salt Lake County Assessment Records

Sandy City
Property Tax Levies and Collections
Last Ten Fiscal Years Ending June 30

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 4,901,744	\$ 4,727,166	96.4%	\$ 139,556	\$ 4,866,722	99.3%
1998	4,924,084	4,749,276	96.4%	148,099	4,897,375	99.5%
1999	5,070,740	4,904,779	96.7%	154,248	5,059,027	99.8%
2000	5,290,874	5,077,138	96.0%	169,923	5,247,061	99.2%
2001	6,355,678	6,076,766	95.6%	211,487	6,288,253	98.9%
2002	7,371,920	7,077,655	96.0%	286,688	7,364,343	99.9%
2003	7,421,348	7,113,298	95.8%	299,693	7,412,991	99.9%
2004	7,629,366	7,372,650	96.6%	228,767	7,601,417	99.6%
2005	7,703,715	7,474,696	97.0%	157,008	7,631,704	99.1%
2006	7,771,552	7,543,432	97.1%	-0-	7,543,432	97.1%

Source: Sandy City Department of Finance

Sandy City

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years Ending June 30

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	Contract Payable	Notes Payable
1997	\$ 7,755,000	\$ 16,055,000	\$ 2,505,000	\$ 171,987	\$ -0-	\$ 2,195,000
1998	7,395,000	18,650,000	2,410,000	117,404	-0-	2,450,000
1999	7,015,000	19,980,000	2,310,000	1,086,120	-0-	2,380,000
2000	6,615,000	35,495,000	2,205,000	785,750	-0-	2,305,000
2001	6,190,000	33,740,000	2,095,000	534,978	-0-	2,225,000
2002	5,735,000	41,340,000	1,975,000	273,221	-0-	2,140,000
2003	5,255,000	37,315,000	7,131,000	345,300	-0-	2,045,000
2004	4,750,000	37,245,000	6,653,000	262,413	-0-	1,945,000
2005	4,225,000	34,340,000	6,018,000	177,262	2,516,267	1,835,000
2006	3,650,000	30,740,000	5,363,000	89,812	2,013,014	1,720,000

Fiscal Year	Business Activities				
	Revenue Bonds	Contract Payable	Total Primary Government	Percentage of Adjusted Gross Income ¹	Per Capita ¹
1997	\$ 11,420,000	\$ -0-	\$ 40,101,987	2.0%	\$ 415
1998	10,675,000	-0-	41,697,404	1.9%	418
1999	9,885,000	-0-	42,656,120	1.9%	423
2000	9,040,000	-0-	56,445,750	2.4%	553
2001	8,335,000	-0-	53,119,978	2.3%	601
2002	7,585,000	-0-	59,048,221	2.8%	658
2003	11,350,000	-0-	63,441,300	2.9%	679
2004	14,365,000	-0-	65,220,413	2.8%	704
2005	14,210,000	13,832,100	77,153,629	N/A	834
2006	13,315,000	13,722,120	70,612,946	N/A	751

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

¹See the Schedule of Demographic and Economic Statistics on page 144 for income and population data.

Sandy City
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years Ending June 30

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property¹	Per Capita²
1997	\$ 7,755,000	\$ -0-	\$ 7,755,000	0.17%	\$ 80
1998	7,395,000	-0-	7,395,000	0.14%	74
1999	7,015,000	-0-	7,015,000	0.13%	70
2000	6,615,000	-0-	6,615,000	0.12%	65
2001	6,190,000	-0-	6,190,000	0.11%	70
2002	5,735,000	-0-	5,735,000	0.09%	64
2003	5,255,000	-0-	5,255,000	0.08%	56
2004	4,750,000	-0-	4,750,000	0.07%	51
2005	4,225,000	-0-	4,225,000	0.06%	46
2006	3,650,000	-0-	3,650,000	0.05%	39

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 135 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 144.

Sandy City
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt			
State of Utah	\$ 1,237,170,000	4.49%	\$ 55,538,120
CUWCD ¹	144,313,311	6.00%	8,658,799
Salt Lake County	94,655,000	8.80%	8,329,640
Jordan School District	171,915,000	23.50%	40,400,025
South Valley Sewer District	860,000	25.00%	215,000
Sandy Suburban Improvement District	13,760,000	40.00%	5,504,000
Total Overlapping Debt	<u>\$ 1,662,673,311</u>		<u>\$ 118,645,584</u>
Total Overlapping Debt Less the State ²			<u>63,107,464</u>
Sandy City Total Direct Debt			<u>41,562,812</u>
Total Direct and Overlapping Debt			<u><u>\$ 104,670,276</u></u>

Source: Zions Bank Public Finance

¹Central Utah Water Conservancy District ("CUWCD") outstanding general obligation bonds are limited ad valorem tax bonds. These bonds are the only limited ad valorem tax bonds in the State issued under the Water Conservancy Act. By law CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding limited ad valorem tax bonds.

²The State's general obligation debt is not included in overlapping debt because the State levies no property tax for the payment of general obligation bonds.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the city. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Sandy City
Legal Debt Margin Information
Last Ten Fiscal Years Ending June 30

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<u>Debt Limit</u>										
General (4% Fair Cash Value) ¹	\$ 181,940,548	\$ 205,709,827	\$ 212,691,920	\$ 221,659,285	\$ 235,433,135	\$ 246,450,184	\$ 257,856,333	\$ 265,407,226	\$ 276,793,204	\$ 293,964,135
Water & Sewer (4% Fair Cash Value) ¹	181,940,548	205,709,827	212,691,920	221,659,285	235,433,135	246,450,184	257,856,333	265,407,226	276,793,204	293,964,134
Total 8% Debt Limit	363,881,096	411,419,654	425,383,840	443,318,570	470,866,270	492,900,368	515,712,666	530,814,452	553,586,408	587,928,269
Total Net Debt Applicable to Limit	7,755,000	7,395,000	7,015,000	6,615,000	6,190,000	5,735,000	5,255,000	4,750,000	4,225,000	3,650,000
Legal Debt Margin	<u>\$ 356,126,096</u>	<u>\$ 404,024,654</u>	<u>\$ 418,368,840</u>	<u>\$ 436,703,570</u>	<u>\$ 464,676,270</u>	<u>\$ 487,165,368</u>	<u>\$ 510,457,666</u>	<u>\$ 526,064,452</u>	<u>\$ 549,361,408</u>	<u>\$ 584,278,269</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.131%	1.797%	1.649%	1.492%	1.315%	1.164%	1.019%	0.895%	0.763%	0.621%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Valuation:	
Primary Residential	\$ 3,137,712,567
All Other	1,628,766,374
Total Assessed Value	<u>\$ 4,766,478,941</u>
Reasonable Fair Cash Value	\$ 7,349,103,358
Debt Limit (8% of Reasonable Fair Cash Value) ¹	587,928,269
Debt Applicable to Limit:	
General Obligation Bonds	3,650,000
Less: Amount Set Aside for Repayment of General Obligation Debt	-0-
Total Net Debt Applicable to Limit	<u>3,650,000</u>
Legal Debt Margin	<u><u>\$ 584,278,269</u></u>

Source: Sale Lake County Auditor's Office

¹The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 8% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 4% and any unused portion of the 4% available for general purposes up to the maximum 8% may be utilized for water and/or sewer purposes.

Sandy City
Pledged-Revenue Coverage
Last Ten Fiscal Years Ending June 30

Fiscal Year	Water Revenue Bonds						Sales Tax Revenue Bonds			
	Gross Revenue	Less: Direct Operating Expenses	Net Available Revenue	Debt Service		Coverage	Sales Tax Revenue Collections	Debt Service		Coverage
				Principle	Interest			Principle	Interest	
1997	\$ 8,657,826	\$ 5,958,061	\$ 2,699,765	\$ 700,000	\$ 657,788	1.99	\$ 11,241,249	\$ -0-	\$ -0-	-0-
1998	8,835,057	5,688,787	3,146,270	745,000	613,813	2.32	11,828,528	-0-	-0-	-0-
1999	9,018,911	5,816,145	3,202,766	790,000	610,040	2.29	12,966,383	-0-	-0-	-0-
2000	10,311,370	6,538,517	3,772,853	845,000	513,969	2.78	14,080,123	-0-	-0-	-0-
2001	11,330,559	6,240,341	5,090,218	705,000	457,423	4.38	14,773,043	-0-	-0-	-0-
2002	13,412,729	6,969,192	6,443,537	750,000	415,638	5.53	14,740,321	480,000	589,290	13.79
2003	14,935,903	10,172,883	4,763,020	785,000	377,637	4.10	14,569,744	700,000	732,130	10.17
2004	15,546,223	10,194,711	5,351,512	825,000	485,435	4.08	15,161,445	3,165,000	1,565,293	3.21
2005 ¹	15,572,878	12,508,458	3,064,420	-0-	478,381	6.41	15,857,517	3,010,000	1,398,140	3.60
2006	19,647,097	14,926,004	4,721,093	735,000	1,125,551	2.54	17,681,709	1,945,000	1,324,021	5.41

Fiscal Year	Special Assessment Bonds				Motor Fuel Excise Tax Revenue Bonds			
	Special Assessment Collections	Debt Service		Coverage	B & C Road Fund Collections	Debt Service		Coverage
		Principle	Interest			Principle	Interest	
1997	\$ 350,992	\$ 90,000	\$ 175,070	1.32	\$ 1,784,329	\$ 750,000	\$ 465,048	1.47
1998	248,249	95,000	170,300	0.94	2,782,454	835,000	382,105	2.29
1999	207,388	100,000	164,980	0.78	3,116,619	870,000	347,353	2.56
2000	244,618	105,000	159,180	0.93	3,313,462	1,445,000	617,788	1.61
2001	247,139	110,000	152,880	0.94	3,281,124	1,465,000	600,146	1.59
2002	250,879	120,000	146,005	0.94	2,839,583	1,530,000	532,994	1.38
2003 ²	-0-	478,000	287,560	-0-	3,028,933	1,600,000	461,489	1.47
2004	991,015	635,000	276,603	1.09	3,240,291	595,000	251,564	3.83
2005	986,961	655,000	256,864	1.08	2,828,925	620,000	221,814	3.36
2006	904,549	679,000	234,165	0.99	3,475,548	655,000	190,814	4.11

¹The total reduction in long term debt was \$8,055,000, of which \$7,560,000 represented defeasance of debt from bond refunding and \$495,000 represented a reduction in bond principle.

²The original bond was refunded with cash flow savings taken in the first and second year of refunding. Sufficient reserves existed to service debt. As such, no assessment was required as of year end. Additionally, two new SIDs were created with a payment date of December 15, 2003.

Sandy City
Demographic and Economic Statistics
Last Ten Fiscal Years Ending June 30

Fiscal Year	Population¹	Personal Income²	Per Capita Personal Income²	Adjusted Gross Income³	Per Capita Adjusted Gross Income³	Median Age⁴	Unemployment Rate⁵
1997	96,678	\$ 3,196,262,356	\$ 33,060.91	\$ 2,040,224,336	\$ 21,103.29	22.9	2.4%
1998	99,761	3,216,715,172	32,244.22	2,156,457,695	21,616.24	22.9	3.1%
1999	100,822	3,304,764,310	32,778.21	2,228,415,644	22,102.47	22.9	2.6%
2000	102,033	3,574,890,795	35,036.61	2,345,195,742	22,984.68	29.1	2.1%
2001	88,419	3,463,924,333	39,176.24	2,318,209,287	26,218.45	29.1	2.4%
2002	89,745	3,534,756,235	39,386.66	2,109,255,254	23,502.76	29.1	4.3%
2003	93,500	3,433,138,636	36,718.06	2,196,558,395	23,492.60	29.1	4.5%
2004	92,685	4,203,938,276	45,357.27	2,303,635,015	24,854.45	29.1	3.3%
2005	92,500	N/A	N/A	N/A	N/A	29.1	3.3%
2006	94,000	N/A	N/A	N/A	N/A	29.1	

Fiscal Year	High School or Less²	Some College/ Tech School²	Two-Year College Degree²	Bachelors Degree (4 yrs.)²	Grad. School/ beyond 4 yr.²	Refused to Answer²	School Enrollment⁶
1997	18%	25%	11%	29%	16%	1%	27,032
1998	18%	23%	13%	29%	17%	1%	26,500
1999	18%	21%	14%	29%	17%	1%	25,714
2000	13%	27%	12%	29%	17%	2%	24,844
2001	15%	25%	14%	26%	19%	1%	24,538
2002	15%	21%	10%	33%	19%	1%	23,959
2003	14%	25%	10%	31%	17%	2%	23,756
2004	12%	23%	13%	32%	18%	2%	23,143
2005	N/A	N/A	N/A	N/A	N/A	N/A	22,570
2006	N/A	N/A	N/A	N/A	N/A	N/A	22,365

¹Source: Sandy City Planning department

²Source: Estimated using information received from the Dan Jones Survey

³Source: Utah State Tax Commission (Based on a calendar year)

⁴Source: Census Bureau (Based on 1990 and 2000 census)

⁵Source: Utah Department of Workforce Services

⁶Source: Jordan School District

Sandy City
Principal Employers
Current Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ACS Business Processing Solutions	3,527	1	6.99%	1,461	1	3.29%
Discover Financial Services	1,441	2	2.86%	1,269	2	2.86%
Becton Dickinson	980	3	1.94%	863	3	1.94%
Jordan Commons	600	4	1.19%			
Sandy City Corporation	517	5	1.02%	286	6	0.64%
Harman Music Group Inc	394	6	0.78%	471	4	1.06%
Alta View Hospital	332	7	0.66%	348	5	0.78%
Meier & Frank # 173	307	8	0.61%			
Macey's Inc	284	9	0.56%			
Aetna Behavioral Health	283	10	0.56%			
Healthsouth Rehabilitation				230	7	0.52%
J C Penney Company				185	8	0.42%
Layton Construction Company				151	9	0.34%
Lowes Inc				140	10	0.32%
Total	8,665		17.17%	5,404		12.16%

Note: Annual amounts are shown only for the top ten principal employers. Including the other amounts would skew the overall total and percentage for the top 10 principal employers

Source: Sandy City Business License Division and Bureau of Labor Statistics

Sandy City
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years Ending June 30

Function	Full-time Equivalent Employees									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Mayor	3.0	3.3	3.3	3.5	3.5	3.5	3.5	3.5	3.5	3.5
City Administrator	6.9	9.8	10.8	14.6	17.0	18.0	19.8	19.8	19.8	20.0
City Council	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
City Attorney	9.2	9.2	9.2	8.6	8.6	8.6	8.0	8.0	8.6	9.6
Court Services	5.0	8.6	9.6	9.6	9.6	8.6	11.6	10.6	12.6	14.6
Finance & Information Services	14.5	16.3	18.3	20.3	24.3	24.3	26.4	27.4	27.4	28.4
RDA	0.2	0.2	0.7	0.9	0.9	2.4	2.4	1.9	2.9	2.9
Non-Departmental	0.5	1.0	1.0	1.5	1.5	1.0	1.8	1.8	1.8	1.8
Public Safety										
Police	83.9	89.4	98.4	97.6	108.6	113.1	116.6	116.1	116.6	140.6
Fire	47.0	50.0	55.0	55.0	64.0	75.0	79.0	76.0	77.0	77.0
Animal Services	4.0	5.0	6.0	6.0	6.0	6.0	6.0	5.0	8.0	8.0
Public Works	35.0	39.3	44.3	45.3	46.3	47.3	48.3	48.3	52.3	52.3
Parks & Recreation	17.8	19.3	20.3	18.8	21.8	24.3	25.3	27.3	28.8	29.3
Alta Canyon	-0-	0.8	1.8	1.8	1.8	2.8	5.0	6.0	6.0	7.0
River Oaks Golf Course	-0-	-0-	-0-	-0-	-0-	6.0	6.0	6.0	5.0	5.0
Community Events/ Amphitheater	1.0	1.0	1.0	1.0	2.0	2.0	2.0	3.0	3.0	3.0
Community Development	19.8	22.5	23.5	24.5	25.5	26.5	26.5	26.4	27.4	27.4
Utilities										
Water	14.9	19.9	21.9	27.7	31.7	35.7	37.2	37.2	39.2	40.2
Storm Water	5.4	6.4	6.4	7.7	7.2	9.2	10.2	11.2	12.2	13.2
Electric Utilities	0.2	0.2	0.2	0.2	1.2	1.2	2.2	3.2	3.2	3.2
Total	271.3	305.0	334.5	347.4	384.2	418.2	440.6	441.5	458.1	489.7

Source: Sandy City Payroll Department

Sandy City
Operating Indicators by Function
Last Ten Fiscal Years Ending June 30

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Physical Arrests	N/A	3,548	4,191	4,030	3,984	4,175	4,420	4,339	3,980	4,253
Nonmoving Traffic Citations	N/A	1,447	1,651	1,648	1,690	1,834	888	1,742	1,928	4,165
Moving Traffic Citations	N/A	15,417	16,224	18,425	16,829	17,211	19,237	19,877	17,387	17,280
Fire										
Number of fire calls answered	1,223	1,482	1,475	1,584	1,601	1,811	2,184	2,063	1,558	1,845
Number of medical calls answered	2,207	2,727	2,843	2,918	3,101	3,501	3,559	3,502	4,075	3,842
Public Works										
Street resurfacing (miles)										
Overlays	15.76	5.01	4.70	1.68	6.31	8.26	8.43	4.65	1.67	2.87
Slurry	21.09	37.20	39.87	36.04	43.62	28.70	29.55	34.87	38.87	40.96
Potholes repaired	N/A	N/A	N/A	1,661	1,017	697	660	916	357	251
Sanitation										
Number of Garbage Cans per month	26,975	27,924	28,596	29,779	29,622	30,319	30,449	30,463	30,509	30,938
Number of Recycle Cans per month	21,231	21,461	21,672	22,079	22,199	22,778	23,011	23,166	23,202	23,413
Parks, recreation, and cemetery										
Number of program participants	18,756	18,745	18,593	18,842	18,083	19,107	19,870	13,650	14,315	15,154
Cemetery plots sold	38	40	25	40	53	31	43	26	52	84
Alta Canyon ¹										
Members	N/A	N/A	N/A	N/A	N/A	N/A	2,198	1,988	1,734	1,045
Class participants	N/A	N/A	N/A	N/A	N/A	N/A	86,091	99,133	96,236	87,718
Golf ²										
Number of 18 hole rounds played	N/A	N/A	N/A	N/A	N/A	N/A	6,216	14,324	15,481	14,121
Number of 9 hole rounds played	N/A	N/A	N/A	N/A	N/A	N/A	11,375	24,471	26,335	28,328
Number of tournaments	N/A	N/A	N/A	N/A	N/A	N/A	5	21	28	24
Amphitheater ³										
Number of tickets sold	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	29,634	22,500
Number of shows	N/A	N/A	N/A	12	12	12	8	10	13	13
Water										
New connections	N/A	N/A	N/A	164	231	220	159	185	220	375
Water main breaks	46	52	66	67	61	74	57	64	57	86
Average daily consumption (gallons)	27,174,091	23,538,600	25,668,364	29,100,582	29,055,890	29,055,890	23,033,589	21,493,638	21,688,435	25,607,989

¹Alta Canyon Recreation Center came under Sandy City's management on July 1, 2002

²The Golf Course was purchased on June 28, 2002

³The Amphitheater opened on January 1, 2000, however, ticket sales information was not available prior to 2005.

Source: Various City Departments

Sandy City
Capital Asset Statistics by Function
Last Ten Fiscal Years Ending June 30

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	4	4	5	5	5	4	4	4	3	3
Vehicles and Motorcycles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	135
Fire										
Fire Stations	4	4	4	4	4	5	5	5	5	5
Transport Fire Engines	-0-	-0-	-0-	-0-	-0-	4	4	4	4	4
Ladder Truck 100'	-0-	-0-	-0-	1	1	1	1	1	1	1
Telesquirt 50'	1	1	1	1	1	1	1	1	1	1
Ambulance	-0-	-0-	-0-	-0-	-0-	2	2	2	2	2
Public Works										
Streets (miles)	281	283	285	287	287	289	291	301	304	305
Traffic Signals	15	17	20	23	24	26	27	29	30	30
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6,740
Culture and Recreation										
Parks Acreage	186	186	186	203	211	213	219	220	220	232
Parks	26	26	28	30	30	30	30	30	31	31
Swimming Pools	-0-	-0-	-0-	-0-	-0-	-0-	1	1	1	1
Tennis Courts	27	27	27	27	27	27	30	30	30	30
Water										
Water mains (miles)	355	355	360	364	446	446	452	477	443	443
Fire Hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,426
Maximum Daily Capacity (millions of gallons per day)	57.636	61.956	61.956	61.956	61.956	61.956	61.956	67.886	73.646	73.976
Storm Water Drains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	152

Source: Various City Departments